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## WEST EUROPE REPORT

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## ARMY NUCLEAR WARFARE EXPERT DOWNPLAYS CRUISE MISSILE THREAT

Helsinki HUFVUDSTADSBLADET in Swedish 22 Feb 81 p 22

[Interview with Lt Col Gustav Hägglund by Bez]

[Text] The probability of our air space's being violated by European rockets is actually not great, according to Lt Col Gustav Hägglund of the general staff. With regard to this danger that has been mentioned so often recently, therefore, we can be optimistic--but not heedless: Our armed forces are working as a matter of course to develop possibilities of both detecting and combatting the low-flying cruise missiles.

Defense questions are a subject of new and increased interest, and defense enjoys a more favorable position with the public than it has for a long time. This obviously has to do with the fact that the risk of war is felt as more realistic than, e.g., around the time of the ESSK [European Conference on Security and Cooperation], and opinion has not exactly been calmed by the news about European missiles or by the reports on the American list of nuclear weapon targets on Finnish territory.

Against that background there may be reason to start with Hägglund's calm statement about the cruise missiles: When NATO Secretary General Luns states that such missiles will not be guided through Finnish air space, it is not for the sake of our beautiful blue eyes; there are practical considerations that tell against the idea.

Lieutenant Colonel Hägglund sometimes figures as a lecturer or Tv interviewee on matters related to global strategy. The reason is that he has worked as an instructor on strategy at the War College, that he himself was educated at an American military college, and that he has been especially interested in questions of nuclear weapons technology.

#### Valuable Committee Work

Actually he is more in the news right now in another connection--as secretary general of the third parliamentary defense committee, which will issue its report on 5 March. But it is plain that he cannot be asked to anticipate that report with any indiscretions concerning its content.

[Question] How do you, as a military officer, view the whole institution of the PFK [parliamentary defense committee]. Or can it be called an institution? How clear is it that PFK III will be followed by a PFK IV?

[Answer] When the first parliamentary defense committee was formed in 1970 there was a definite need: discussion of defense policy was very intensive, and it had been over 20 years since the so-called defense review of 1945-1949. It was therefore entirely logical to couple the proposal concerning a 5-year plan for reequipping our armed forces with a proposal for a new review after 5 years, and it was equally natural for PFK II to propose that a third committee should meet in 1980. Now it is no secret that this PFK III, unlike the two preceding ones, in addition to 5-year planning, went about 10 years ahead in time; it cannot be automatically assumed that the routine will continue at the same rate in 1985.

[Question] You were one of the secretaries of the second committee and secretary general of the third.

Will you, in spite of this "ground for disqualification," give a value judgment on the significance of the committee work?

[Answer] It is clearly valuable.

First for the Riksdag, in view of the fact that the debate on defense policy there, for various reasons, is very restricted and lame; in the committee there is a substitute for the non-existent debate.

Secondly for the government, which finds in it the only organ that is capable of setting up politically considered 5-year plans for defense and judging the armed forces' share of the state's economy.

And also for us military: we have a reliable foundation on which to base our intermediate-term plans. The defense committees' recommendations have actually been carried out to a very high degree.

#### Confidence

[Question] Do the military generally have confidence in this parliamentary arrangement?

[Answer] It may be that the first committee met with a certain skepticism. But now, because of good experience, the attitude in defense circles is overwhelmingly positive.

[Question] It has been observed that the defense committees have favored the air force's procurement needs--about half has gone to the air force. Why is that?

[Answer] In the first place, it is obvious that our air space is the first thing that would be violated in case of war.

In the second place, it is equally clear that air patrols are needed even in peacetime.

And lastly, it is a fact that air force materiel ages most palpably: In 15 to 20 years an aircraft quite simply becomes unfit to fly, while those historic cannon we see down there on the grounds of the general staff can be fired any time at all, provided the ammunition is to be had...

Hägglund is not willing to answer in advance the question whether the third committee will now compensate for the lag in the land forces sector, but that has already been indicated by General Sutela, commander of the armed forces.

#### Support for 2 Percent of GNP

[Question] Sutela has also asked for a rise in the defense appropriation, which is now about 1.5 percent of the GNP. What do you consider a reasonable percent?

[Answer] Two percent. There is a study--I believe by Galtung--that says that in practice a defense appropriation of less than 2 percent of a country's GNP means disarmament. We had 2.1 percent in 1964, and during the 1960's the appropriation was held down to an average of 1.7. Later it dropped to 1.3 or 1.4 percent.

When the annual appropriations increased very recently by 4 to 5 percent, the enemies of the armed forces made a great issue of it. But the modest starting point needs to be taken into consideration.

It is not enough now to push the defense share of the GNP up to 2 percent for one year; it must go on for a longer time to have any effect.

[Question] When we speak of a favorable attitude toward defense conditioned by fear of war, should that not be reflected in a readiness to increase the appropriation?

[Answer] In certain respects it does contribute to the motivation. But on the other hand it may be said that "saber rattling" is not in line with our foreign policy. And Finland's rôle has not been directly changed by the sharpened world situation.

#### Need of Legislation

[Question] Materiel is a part of defense preparedness. But what is the status of preparedness legislation? Our armistice law, for example, is over 50 years old.

[Answer] On the initiative of PFK II a committee on preparedness legislation was appointed in 1977, which made its report in 1979. In that report it was suggested that the state should be given powers to take rapid measures that are needed in case of war or crisis. In such situations the Riksdag's legislative procedure is too slow.

What we need is ready-formulated laws that in case of need would only require a Riksdag action to put them into effect.

This work has not progressed, however, partly because the report was not unanimous. Both Communists and some of the Social Democrats insisted among other things that the armistice law must be handled simultaneously...



In Hägglund's view the relationship between politicians and the military today is strikingly good; they have grown to know each other in the committees and the defense council, and they have confidence in each other. And the politicians are remarkably ready to get involved in defense questions.

#### Coast Defense Missiles

[Question] What are we to think of poor Finland's chances of fighting through a war at all?

[Answer] We obviously have none of the prerequisites for taking an active part in a nuclear war. And the aim of our defense policy is to keep us out of anything that can be called a war. One of the means of doing so is to have a credible defense, not to constitute a military vacuum that attracts aggression. That defense is also presupposed, as is well known, by our commitment.

For we must remember that a nuclear war is by no means the only alternative, and is not even a logical alternative.

[Question] In recent years Finland has striven to avoid a vacuum, especially up in the north. Is the whole focus of defense beginning to lie there?

[Answer] We have a third of the land forces in the north, and half of the fighter aircraft. That leaves a secure defense for the southern parts of the country, where the bulk of the population and the most important institutions are located.

[Question] Coast defense has an important part to play there. Has it been strengthened to amount to anything recently?

[Answer] The armament of the fixed coastal fortifications that form the framework of the defense has been modernized. The lighter artillery has acquired new so-called turret guns; as far as the large-caliber ones are concerned, it is not profitable to get new guns, as they should be replaced with rockets, and rockets will also reinforce the mobile defense between the fortifications. According to the 1963 interpretation of our peace treaty, we can freely employ defensive rockets.

#### European Missiles?

[Question] But maybe we should return to the question of another kind of rockets. What is the basis for your optimism in the matter of our situation vis-à-vis the European missiles?

[Answer] The land-based missiles in West Europe are infinitely more justified for use against closer targets to the east. If NATO wants to attack the bases on the Kola Peninsula, it will be more natural to do that with cruise missiles which will be launched from planes or naval vessels.

The background for the cruise missiles, after all, is that the development of Soviet air defense has meant that the American B-52's with their SRAM rockets for short distances would find it hard to penetrate through the air defense to their target areas.



The debate in the United States about replacing the B-52's with B-1's led instead to keeping the B-52's in service but equipping them with cruise missiles that do not require flying into Soviet air space. And the European missiles are a by-product of that, nothing more.

While there is talk of placing 500 European missiles in West Europe, 3,400 have been ordered for the B-52's, and they are already in assembly-line production. The U.S. budget for 1982 covers orders for airborne, land-based, and shipborne cruise missiles.

[Question] Submarines?

[Answer] Both missiles launched from surface vessels and missiles launched from submarines. Of the two atomic submarine types "Polaris" and "Poseidon," only the latter has room for ballistic missiles of the latest model. For that reason "Polaris" will be equipped with cruise missiles.

#### Own Defense Technique

[Question] But *if* cruise missiles violate our air space, what can we do?

[Answer] For the time being no country has succeeded in developing an adequate technology for warding off all kinds of cruise missiles. Right now we are in the usually relatively brief phase between the invention of a weapon and the invention of the counterweapon. These missiles are hard to detect and ward off; they do not show up in radar because they fly so low over the ground, and they are covered with a plastic material that reflects radar waves poorly, and they are also provided with metal strips that break up the picture on the radar screen--it looks like the picture of a flock of birds.

One possibility of making it easier to locate them, of course, is to raise the radar antennas, on towers or in helicopters or planes.

Another difficulty has to do with combatting them--since the missiles fly so close to the ground, the fighter planes' target-finding rockets are readily attracted to the ground. Moreover, supersonic missiles are under development; for the time being the speeds are lower than the speed of sound, between 600 and 800 km/hour.

As mentioned, countermeasures against new weapons are usually not long in coming. And according to Hägglund, it is the Finnish armed forces' task to create a defensive technique of our own, partly by modifying existing weapons.

#### Explode Only at the Target

[Question] If we try to shoot a cruise missile down, it is clear that it is in our air space that it must be done. That does not seem very attractive, does it, in the case of an object with a nuclear warhead?

[Answer] It is actually not as bad as people think. These missiles are made so that their nuclear charge does not explode if they are shot down. The last of many safeguards is not cut off until the missile "sees" its real target. Until

then it is only the electronic equipment that, for the sake of secrecy, explodes into bits if the missile is forced to crash.

[Question] But we have seen lists published of targets of American nuclear weapons, including airfields in Finland--Helsinki, Luonetjarvi, Turku, Pori, Oulu, Rissala, Tampere, etc., a total of 20 targets. Have you any comment?

[Answer] It can be said, of course, that it is morally wrong for a country that has been declared free of nuclear weapons not to be respected by the nuclear powers. But it is entirely unnecessary to dramatize the existence of such a list; it is to be assumed that it covers the whole world, probably even the countries allied with the nuclear power in question, for any eventuality.

Right on the Main Line

[Question] It appears that you take a relatively bright view of our situation in this nuclear weapons connection?

[Answer] I do not worry about it, as it makes no sense. But at the same time it is clear that we must be prepared for all eventualities.

And I do not believe that we should depend too much on our "remote" location. As seen from Central Europe this is just "the north flank," relatively insignificant --especially in case of a conventional or local war in Europe.

Now I have already said that I consider a nuclear war to be a quite unbelievable alternative, in view of the enormous destruction it would involve for all parties. But when one considers the nuclear weapons balance between the two superpowers, it may be not without political significance for us that Helsinki lies precisely on the main line between Moscow and Washington. In that connection this is not such an out-of-the-way spot...

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## PAPER COMMENTS ON GENERAL'S CRITICISM OF NORWAY SECURITY POLICY

Helsinki HUFVUDSTADSBLADET in Swedish 27 Feb 81 p 2

[Editorial by Jan-Magnus Jansson]

[Text] For the government's and General Pajunen's part the well-known interview affair was cleared up by yesterday's official warning, but the effects on public opinion still bear discussing, Jan-Magnus Jansson emphasizes in today's second editorial.

Lt Gen Aimo Pajunen's untidy statement about Norwegian policy has now also had official consequences. Yesterday Pajunen was given a warning by the cabinet for having expressed himself about Norwegian foreign policy and defense policy in a way that "might have given rise to misconceptions." It is also stated in the cabinet resolution that Pajunen has thus "involved himself in matters that fall within the competence of the president of the republic and the minister of foreign affairs."

The warning that was given is to be considered as a disciplinary sanction. Warning is the mildest of the punishments listed in §42 of the cabinet's regulations, and this is expressly mentioned in the resolution.

For the government's part the affair is thus disposed of. What caused the warning to be issued now, a week after the affair first came out in the newspapers, defies our appraisal. Even if a warning is a mild measure, as far as we can remember it is very rare. In any case it is disheartening that the esteemed and able official got into a situation in which this was evidently regarded as necessary.

While the matter has been cleared up on the official level, it is still necessary to examine the effects from the point of view of the press and the general public. What Pajunen said about Norway was certainly "thoughtless," but apart from a few wild swings of no political significance the content was hardly so remarkable. Pajunen suggested indirectly that the timing of the decision on stockpiling was not the best, in his opinion, from the point of view of high politics. And he said directly that he considered it completely unrealistic to demand the inclusion of the Kola Peninsula in a nuclear-weapons-free zone.

Regardless of whether one approves the statements or not, they hardly overstep the bounds of what it should be possible to say in ordinary dealings between Nordic neighbors. Norway has not previously escaped criticism at a high level. But

certainly an official is an official and is subject in that capacity to special rules.

Still, it is impossible not to feel apprehensions concerning the longer-range consequences in society of the remonstrance in this case. From the wording one might easily draw the conclusion that officials are not to get involved at all in their statements in foreign policy, which falls under the jurisdiction of the president and the minister of foreign affairs. Since more and more officials are compelled more and more often to express themselves on foreign policy questions, it is probable that caution and timidity will increase among them.

The cabinet's dressing down applies, of course, to the right to express an opinion only of the narrow circle of officials, i.e. not ministers, members of parliament and other representatives, not to talk about the independent opinions outside of the state apparatus. Even so, the incident can have the effect that the freer formation of opinion on foreign policy that has just gotten under way can be inhibited in its growth.

General Pajunen said in the famous interview something that can be expressed in proper Swedish by saying that a small country in a tense situation does best to stay quiet as a mouse. We hope he is not listened to too much, if not in Norway at least in this country.

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## VOLUME ON 'EUROPEAN SECURITY IN 80S' REVIEWED

Paris DEFENSE NATIONALE in French Mar 81 pp 133-140

[Article by Jacques Vernant, director of research at the School of Advanced Studies on Social Sciences]

[Text] The uncertainties caused by the international situation and the decisions leading to technical improvements in armaments have reopened the debate on European security and the measures capable of meeting the new aspects of this threat.

Among the many publications which have contributed to this debate, there are some which merit particular attention. This is true of the first volume of "Publications and Research of the IFRI" [French Institute of International Relations]<sup>1</sup>. This volume was published under the title "European Security in the 80s."

This book, a collection of French and foreign contributions, begins with a general introduction by Pierre Lellouche<sup>2</sup> which, because of its quality and its scope, deserves some attention by itself.

In the preamble the author states the diagnosis on which he bases his demonstration. On the subject of European security, we are in the presence of "a new situation which contrasts sharply with the situation prevailing just 10 years ago." (p 15).

While in the former period "the danger of war in Europe seemed to have considerably declined, to the point of becoming a purely theoretical hypothesis," today "the heads of state themselves are publicly voicing their concern about maintaining peace, and public opinion expresses a belief in a forthcoming war in Europe." (p 18).

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1. Located at 6, Rue Ferrus, 75683 Paris.

2. Director of the research program on "New Dimensions of European Security."



These changes in perception can be explained by the fact that "the international system as a whole is in a period of transition, both politically and strategically. We don't know what type of relations may follow east-west detente," and "the consequences of military competition are truly to be feared, based on the now definite failure of the process of arms control."

One of the reasons explaining this change in climate, or rather in the international system, is the superiority that the Soviet Union has apparently acquired both in nuclear weapons and in conventional arms and the corresponding decline "down to a minimum level" (p 22) of the credibility of the American nuclear protective capability. In other words (p 47), "the Afghan affair has crystallized a deep-seated hardening in regard to the USSR, marking the end of the era of detente as it had been established since the end of the 1960s." The Afghan affair has marked the beginning of a "lengthy cycle during which the United States will adopt a much more militant attitude in regard to the USSR." At the same time, "concerning the European theater (p 21), the security of western Europe is no longer assured from abroad as it had been earlier by the extension of the nuclear deterrent capability of the United States."

Four of the statements in this diagnosis seem to be somewhat questionable to me.

1. What is actually the truth about the alleged Soviet military superiority over the United States?
2. Can we consider the decline in credibility of the U.S. nuclear protection of Europe to be obvious?
3. Can we truly write off arms control, at least for the long-term cycle?
4. Can we consider that the very structure of the international system which has prevailed from 1950 to 1980 has been completely transformed?

On these four points, the debate is not yet over, and when we list the changes which have taken place since the middle of the past decade in relations between the United States and the Soviet Union, and more generally between east and west, we may very well think that objective realities or "constraints" will continue to guide the course of Soviet-American relations as they have in the past.

Contrary to the opinion that (p 42) "the Afghan crisis marks the end of an era, the era of detente," and that "the phase ahead of us is a time of a lasting confrontation between the two great powers," it is possible to maintain that the two great powers will be forced to maintain, through their competition, in areas in which

it is both possible and useful for them, the type of collaboration and cooperation which they began in previous decades.

That being so, if we accept the diagnosis made by Pierre Lellouche about this new and considerably heightened vulnerability of Europe to a stronger Soviet threat, what are the possible remedies? It should come as no surprise that on this point, the author is less eloquent than in his analysis of the new strategic situation. In the area of conventional forces, the proposed remedy would consist of a quantitative and qualitative increase in the standing forces maintained by the European nations and the production of arms by joint production mechanisms, particularly between France, Germany, and Great Britain. An effort would also be required to rationalize the defense missions of the three nations, which would amount to specialization, with Germany handling conventional forces, France and Great Britain handling nuclear weapons, and France handling foreign intervention forces. In the nuclear domain, the remedy would mean combining the French and British programs (p 72) and affirming--or confirming--the fact that the Franco-British nuclear forces would "cover" more than just their national territories "by giving these forces the role of a trigger in nuclear escalation, for this role is no longer credibly fulfilled by the American systems alone." (p 72).

Here we encounter once again the "detonator<sup>3</sup> theory" that was advocated some years ago by General Beaufre<sup>3</sup>. Pierre Lellouche is careful to indicate (p 70) "that this dual action, in the domain of conventional weapons and in the domain of nuclear weapons, based on the operational and strategic complementarity of the forces of the three principal European states (France, the FRG, and the United Kingdom) would parallel the NATO forces." He stresses (p 73) "that the objective of such a strategic plan is not to replace the American commitment but to strengthen it... The goal being to restore the credibility of first use by a strategy going from the weak to the strong, expanded to the European scale."

This program may appear compelling because of its apparent political logic, but it will in fact only run into the same obstacles which earlier countered the same suggestions. It is hard to imagine that the United States would accept a "parallel" strategy to NATO, even if this strategy is termed complementary, particularly if the avowed object of this strategy is to permit the first use of nuclear weapons in circumstances in which the United States may not have made a decision to use them. Stated more simply, it is hard to imagine the United States supporting the establishment of a system whose eventual objective would be to force the hand of the United States.

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3. See following.

In order for this parallelism to appear acceptable to the United States--and consequently for it to become a realistic option--it would have to be refashioned into a new version of the theory of the two pillars of the Alliance. Such a metaphor implies the existence of a roof covering these two pillars, and such a roof, for Washington, has to be an American roof. So then we come, and it seems to me that this should be no surprise, to the alternative that is inescapable: either a new and truly European defense system that would entail a rupture of the American alliance under its present form, or the present system that excludes a truly European strategy, even if it is presented as complementary to the NATO strategy.

As for the role of "detonator" of a European nuclear weapon, the Washington strategists have already said what they thought of that<sup>4</sup>, and there is no reason to think that they have changed their minds on the subject. As long as the American forces are stationed in Europe and as long as they play their essential role in the defense of Europe, it is impossible to think that Washington might allow any foreign authority to decide on the engagement of nuclear weapons, especially as the logic of the nuclear conflict implies the possibility of an escalation that would go beyond the European theater to the territory of the United States.

If there were any doubt about the feelings of the new U.S. administration on this issue, we need only read what Richard Burt, who has just been named to head political-military affairs in the State Department, has to say on this issue<sup>5</sup>. According to this specialist on strategic issues, "the massive use of low-power nuclear weapons in Europe..., the logic of mini-nukes, would lead to a separation of the defense of Europe from the U.S. strategic arsenal."

"From the American point of view, an immediate recourse to the use of nuclear weapons, no matter how clean and how small they may be, has little appeal. As the equilibrium between east and west shifts, some Americans might come to favor 'separating' defenses, but considering a massive use of nuclear weapons in response to a conventional attack by the Warsaw Pact countries hardly seems the way to halt such a trend."

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4. On this point, Pierre Gallois, "Remuneration," 1977, p 113. A statement by Dean Rusk is cited by H. Cleveland, former ambassador to NATO. Things have not changed since then, at least for the United States, except that its increased vulnerability will make it even more cautious."

5. European Security in the 80s: "The Atlantic Alliance and Its Hidden Nuclear Crisis," pp 264-265.

As "for the Europeans, especially the West Germans, they are being asked to tolerate the large-scale use of nuclear weapons within their territory." We can understand that such a prospect is hardly very appealing. These arguments oppose those which advocate placing "numerous" theater nuclear weapons in Europe, weapons such as the "neutron bomb."<sup>6</sup>

Moreover, for Richard Burt<sup>7</sup>, "asking (the members of the Atlantic Alliance) to take an active part in making decisions concerning the deployment of nuclear weapons... amounts to choosing immobility." If that is true just for deployment, it would be even more true for a decision to use these weapons. Washington has been and will continue to be resolutely opposed to any solution whose objective or whose result would be to dilute responsibility for deciding to engage nuclear weapons and to make such a decision depend on an ally. Such a solution could only come with an American disengagement. The "detonator" thesis, according to which the Europeans could provoke the start of a nuclear conflict within the European theater, involving the United States against its will, is not acceptable to the leaders in Washington, no matter which administration is in office.

As Henri Paris says in another recent study<sup>8</sup>: "Washington is not ready to share responsibility for nuclear warfare, nor is it ready to abandon any part of its leadership role within the North Atlantic Treaty Organization."

It is clear, then, that any autonomy in a European strategy in relation to the Atlantic strategy is conceivable only if the U.S. forces were no longer stationed in Europe. Thus we would be moving back to a conventional-type alliance, and recent history has shown us that such alliances do not always hold at the critical moment.

An alliance of the conventional type does permit defenses to be separated. Czechoslovakia found this to be true in 1938. The essential feature of the Atlantic system as it now exists is that it excludes any separation of defenses, or at least makes such a separation highly improbable, but on the condition that the United States will remain responsible for any collective engagement. Our European partners who are most concerned, West Germany which is strategically

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6. See for example: "A Defense Doctrine for France," UDF [French Democratic Union], May 1980, p 32.

7. Ibid., p 269.

8. Henri Paris: "Soviet and American Strategies," Cahiers de la Fondation pour les Etudes de Defense Nationale, third quarter of 1980, p 117.



and politically on the front lines, and Great Britain because it is strategically and culturally the closest to the United States, are not now and will not in the future be inclined to embark on an adventure of this sort--an exchange, even partial, of the American commitment for a Franco-British form of nuclear protection, supposing that this is what is being considered.

So it appears to me to be a highly debatable point to say that "the Europeans are being forced to act as replacements, at least partial, replacements, for the Americans in the defense of their continent."<sup>9</sup>

The governments of London, Bonn, Rome, and I will even include Paris, will certainly only become convinced of such a need in the hypothesis in which the United States should cut itself off from Europe, refusing to guarantee our security. The least that can be said about this theory is that the United States is not following such a course now, and Ronald Reagan's election to the presidency can only with some difficulty be interpreted as an indication of a trend within the United States to renounce its world responsibilities.

The strengthening of the nuclear and conventional defenses within Europe which has now gotten underway (with American defenses being kept under U.S. control) excludes the possibility that Washington will accept a purely European decision to engage nuclear firepower. If that is the case, the "semi-Gaullist" Europe<sup>10</sup> described by Pierre Lellouche is an interesting concept, but strictly a mental construct.

Two staff researchers at the CEPODE<sup>11</sup> reached a similar conclusion at the end of an excellent study, "Political hallucination of power (I want to be able to sit at the same table as the others so I can talk as loudly as they do). In terms of defense, Europe also suffers from a technological hallucination." In these conditions, the French nuclearization strategy is obviously a partial strategy, but does France have, except in a dream world, the capability for any other strategy?"<sup>12</sup> If that is in fact the case, if we are to be realistic we must say that the system in which we have been involved since 1945, a system which does not take into account any desires (desires of Europe) or aspirations, but which is a result of the dramatic series

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9. Henri Paris. Ibid., p 117.

10. European Security in the 80s, p 59.

11. Andre Brigot and Dominique David: "Europe's Desire," Cahiers de la Fondation pour les Etudes de Defense Nationale, second quarter of 1980, p 132.

12. Ibid., p 131.



of events which occurred during the 1930s and 1940s, is solid and will certainly last until the end of the 1980s. This was the conclusion of A. W. De Porte in a book which I discussed earlier<sup>13</sup>, a book which has the significant subtitle, "The Enduring Balance."

It is within this system, which is certainly evolving but which has not been fundamentally transformed, that we must think of European security and of France's security, doing what can be done without compromising whatever in the present system is advantageous for us.

On this issue as on any other, we must distinguish what, at least for the end of this century, is within our power and what is not. Today, no more than in the past, can we act so that within the Alliance, our German or British allies would modify positions which are related to their strategic situation, to their history, to their aspirations. Nor can we act so that Washington will agree to turn over to us, even partially, the responsibility for endangering the very existence of the United States. However, we can--and we alone can do this--continue and increase, if necessary, the defense programs which have been conducted since 1958, particularly in the nuclear field. What this means in terms of choices and programs does not come within the scope of this article, nor does it lie within the field of my competence. Here I am just mentioning, in the context of these publications, the directions and limits we should set for our actions.

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13. A. W. De Porte. "Europe between the Superpowers." Cf. DEFENSE NATIONALE, "Europe and the New International System," April 1980, p 125.

## NEW WAVE OF TERRORIST ACTIONS EXPECTED

Hamburg DER SPIEGEL in German 16 Mar 81 pp 36-42

[Text] The Federal Criminal Police Bureau [BKA] is expecting a new wave of terror. According to the investigators' information, the Red Army Faction (RAF) is better organized than ever, with new and more helpers.

Sabine Schmitz, 25, a language teacher in Karlsruhe and former confidante of fugitive terrorists Christian Klar and Adelheid Scholz, wanted to visit old friends after her time in prison (2 years, 8 months). In Heidelberg she wanted to get advice from the doctor, Karl-Heinrich Adzersen -- the doctor remembers that it was something about "what kind of logopedic therapy" a person with a gunshot wound in the head had to have for the rest of his life -- presumably the Buback assassin, Guenter Sonnenberg.

The doctor and the consultant, who was accompanied by Dag Maaske, a friend from the Wiesbaden sympathizer milieu, met in the middle of Heidelberg at a place "that we don't want to mention" (Adzersen). But the secret meeting was not very secret. Evidently the BfV [Federal Office for the Protection of the Constitution] people were listening.

No action was planned against the three. Particularly because Sabine Schmitz, in whose apartment in Karlsruhe in 1976 the Haag/Mayer gang (so-called by the BKA) often met, was thought by the BfV men to be planning other meetings at the beginning of March in the Heidelberg area.

But in the meantime a traffic policeman, who had not been informed of the matter, messed things up: Adzersen's gray BMW 2000, with Maaske and Schmitz in the back seat, ran into an alcohol test. And since Adzersen's female companion was registered in the police computer, "Inpol," as a terrorist, the gentlemen with the breathometers were quick to get their machine pistols at the ready.

In the young woman's travel bag were several pairs of sunglasses, a "strange list" (the police said) with automobile license numbers, and a document in French that referred to a "collective hunger strike," and "anti-imperialistic resistance in Western Europe."

On the next day the judge of inquiry in the Federal High Court issued an order for Sabine Schmitz' arrest because she was "involved as a messenger in the organization of 'RAF' terrorist group and was therefore a member of it." The doctor, who was also

arrested, was released after 24 hours, even though, according to the general federal prosecutor, a similar suspicion "still holds."

Three days later criminal investigators searched a few dozen prison cells of RAF members in several federal Laender; the searchers took bundles of papers from the law offices of Rainer Koch (Frankfurt) and Rainer Frommann (Berlin). In Karlsruhe, Schmitz' friend, Johannes Thimme, was arrested in Karlsruhe, as were the suspected RAF supporters, Dietrich Faber, Susanne Paschen, and Isolde Bohler, in Kaiserslautern.

The excitement of the security forces and the severity of the justice department against known RAF friends are signals: state protectors are expecting new, violent actions from the underground, and they obviously want to prevent this with warnings.

Even before the arrested terrorist, Peter Boock, revealed in a SPIEGEL interview last month a plan for a murderous attack on Heidelberg Castle, the terrorist seekers were, according to BKA President Horst Herold, "extremely alarmed." Since last fall the BKA analysts have been speaking within the police organization about "big meatball," and about the "big bang" that is building up.

Five weeks ago, when a new hunger strike of imprisoned terrorists began, the police experts felt justified in their prediction. They are afraid that 1981 will bring dramatic events similar to those of 1977, the year of the Buback, Ponto, and Schleyer assassinations. At that time, too, in the beginning of 1977, the disturbing months had begun with a hunger strike.

Documents that were found in an abandoned FAR message center in Heidleberg-Rohrbach, which have only partially been deciphered, reveal to the police a prodigious buildup of the guerilla troop, with exact delineations of individual work areas and the assignment of messengers to districts at home and abroad. "The structure of the whole thing," Herold said with amazement, "is much better than ever before." And: "They have activated many new people, whom we don't know."

Such a "high degree of reorganization," as has recently been discovered by the investigators, according to the specialists of the BKA TE (Terrorism) department, "always typically precedes new actions." In connection with this, there is an open surrounding area, a new beginning in the general leftist spectrum. Terrorist cadres such as the "Revolutionary Cells" ("RC"), in their latest recruiting campaigns, have been jumping on themes that the political left, and parts of the Youth Union, as well, have been emphasizing: nuclear power, NATO, squatting.

The BKA investigators are becoming increasingly suspicious of groups that call themselves "Antifascist Fighters" ("Antifa"). Individual members of this circle of about a dozen groups are suspected of participation in "revolutionary cells." The BfV [Federal Office for the Protection of the Constitution] agents think that other "Antifa" members are providing the top ten of the RAF, such as, for example, Christian Klar and Adelheid Schulz, a network of safe houses between Flensburg and Basel. "They are traveling all around there," a BKA tracking evaluator said, "activating, indoctrinating, and preparing the ground."

Another RAF group that is supposed to be directed by Silke Meier-Witt and Inge Vielt is getting hold of cars. Messengers are taking down license numbers and paint color of cars parked in France, and they are getting personal information on the owners by means of telephone calls under assumed names.

Accordingly, as the investigators have found out, they have license plates made in France with these numbers and transport the plates to Germany. "Antifa" and "RC" helpers then drive around until they find cars of the same type and of the same color as the original cars. Other teams steal these cars and replace the German plates with the ones they have brought from France.

"Antifa" cadres from Baden and the Palatinate are supposed to be specialists in illegal border crossings into France, Switzerland and Belgium. According to the police, an "Antifa" group from Wiesbaden has long been gathering detailed information on BKA officials (for example: "The BKA Chess Club meets Tuesdays in Wiesbaden-Biebrich") and has conspired with traveling functionaries of the Irish IRA. Dag Maaske, who was sitting in the car in Heidelberg when the presumed RAF messenger, Sabine Schmitz, was arrested, is thought by the BfV people in Hesse to be "one of the top men."

The police assume that Maaske coordinated the establishment of an "Antifa" group in the Karlsruhe area, and that he was also running things in the Heidelberg scene. The BKA thinks that there are completely organized RAF groups there -- that guerilla circle from which Zdzersen, in his interrogation before the judge of inquiry in Karlsruhe, again definitely excluded himself.

For years the BKA has been after Adzersen, who spent 9 months in jail for helping a terrorist group; the terrorist hunters want to prove that he not only distributed leaflets against "isolation torture," but that he was also involved in the Schleyer action.

A strong indication of this to the police is that Margit Schiller and Wolfgang Beer, who were already involved in anarchist activity back in 1974, had entered Adzersen's telephone number in code in a notebook that was later found. The doctor, who was once active in Heidelberg in a "Committee Against Torture," was known in the RAF under the cover name, "Schuster." A certain "Schuster" also appeared in the notebook that the terrorist, Willy Peter Stoll, who was shot to death in Duesseldorf, carried with him.

Johannes Thimme, a friend of Adzersen's companion, Sabine Schmitz, was arrested for recruiting for a terrorist organization -- he had distributed hunger strike leaflets at Karlsruhe University. Members of the Kaiserslautern "Antifas," Susanne Paschen and Dietrich Faber, were placed under investigatory arrest; they and their group have been accused of arson attempts in 1977 on the provincial court in Zweibrueck Castle.

But it is clear that the investigators want to have them all under control in order to isolate another group in southwest Germany: 18 members of the RAF in 9 vehicles were, as the police discovered, "in the preparatory stages of an attack on a NATO base" in the Stuttgart area last summer. Herold said: "Near Bietigheim, right around the corner, there is a large ramp."

The only thing that stopped the action was an auto accident in which two people involved lost their lives -- "five minutes to twelve," the police chief thinks.

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CSO: 3103



## OPPOSITION TO POUL DALSAKER AS EC AGRICULTURAL COMMISSIONER WANES

Copenhagen BERLINGSKE AFTEN in Danish 20 Feb 81 p 12

[Article by Lasse Ellegaard]

[Text] Luxemburg/Brussels--Poul Dalsager's appointment as the new agricultural commissioner on the EC Commission aroused concern and skepticism both at home and in the international press. But so far Dalsager has managed his new job very well. He tackles the European Parliament with down-to-earth humor and participates in agricultural negotiations with the calm that comes from thorough familiarity with his material. Evaluations of his future prospects are beginning to change in Brussels where they point out that his style might well make him one of the stronger members of the commission. His membership in the group is due to equal parts of chance circumstances and heavy pressure on the part of the Danish government.

It had already been a long Thursday for Poul Dalsager. He had waited most of the day to talk to the February assembly of the European Parliament and by 7 o'clock in the evening his North Jutland patience was starting to wear thin.

"Hey, can't we find out what's going on here?" he said to chief secretary Ole Juul Jorgensen who had been following him like a shadow all day long through the corridors of the architectural nightmare called "The European Parliament in Luxemburg."

"Can't we send out some runners to see when I come up?"

Juul Jorgensen glanced at the TV scanner that keeps people in the bar oriented on who is on the speaker's platform and how far the parliament has come in discussing an issue. Then he stood up and disappeared among the chatting and gesticulating members who sat at the low tables or stood at the bar doing their best to consume large quantities of the day's princely diet of espresso coffee and alcohol. In the brandnew European Parliament bar you don't get a glass of Fernet Branca, you get half a brandy snifter full for less than 8 kroner.

Dalsager had spent a lot of time in the bar that Thursday. He had been busy keeping the line hot to his office in Brussels while at the same time preparing his speech for that evening's gathering in the parliamentary hall. But the bar



is really the only sensible place to stay if one wants to avoid spending the time listening to the kilometer-long procedural debates that characterize the work of this parliament and that are of course due to two things, namely the fact that members have no influence over important matters and the fact that the group is constantly operating in seven different languages of which Greek is the newest and most difficult. When the parliamentary session opened in January panic swept through the interpreter service since no one had thought of the need to interpret from Greek into the other six languages.

This meant among other things that a Greek delegate who attempted to say a few courteous things in his native tongue on the occasion of Greek's EC membership was translated quite differently from one language to another. People were still joking in February that it had been pure guesswork as to what the Greek delegate really said.

The bar is also the only place the parliamentary members can sit down outside the meetings since there are no offices similar to those in Strasbourg--where the offices are equipped with couches and shower stalls--and that in turn means that the bar is where people hang out or, like Dalsager, sit stiffly in their chairs and greet colleagues and journalists, fellow workers and people one knows by sight but can't quite place. Like the woman who poked the new Danish commissioner in the back and said, "Hello, Poul Dalsager, we once drank a glass of wine together."

"That's not so unusual."

The conversation did not get any further. Dalsager was rescued by his secretary who popped up from the crowd with the news that he would be up next.

Dalsager has been a surprise for EC. Already on Monday when he made his debut as commissioner during the parliament's question-and-answer period he received general verbal approval for not only keeping cool and calm but also having enough left over to handle things with humoristic and self-ironic detachment. The same humor he demonstrated when after the oath-taking Tuesday before the EC Court, which according to him was not an oath but a "ceremonial pledge without Biblical overtones," he said dryly, "Now I'm for it if they dismantle the commission for I have rented a house and bought a car with foreign license plates." "They" referring to the European Parliament whose only concrete assignment is to have the power to reject the budget which would wipe out the commission, something that has never occurred, of course.

Inside the hall it was not quite "now" that Dalsager would speak. First the assembly had to go through a lengthy discussion with the Italian member, Panella, who yelled and shouted from his seat at the back of the enormous hall that looks as if it was designed by an exiled Soviet movie theater architect with a fear complex related to social realism. Panella hooted and gesticulated, clutched his microphone which the chairman had brutally cut off some time ago, after which the floor was turned over to Mr Welsh who calmly began to deliver his speech. That didn't bother "Herr Panella," as he was called in the Danish translation, in the slightest. He didn't so much as glance at the little red

light that was blinking furiously on his desk, on the contrary when he found he had been deprived of electronic amplification and thus of the floor he dropped the microphone arm and rushed down the center aisle on a beeline for the French chairman who noted the danger with a wry twitch of the lips.

Dalsager sat calmly with his earphones on and watched the drama. He had to wait almost 45 minutes before it was his turn to comment on agricultural deliberations by parliamentary members. And he stood up, drew out a piece of paper and read calmly about the "overseas provinces" and the fact that "now as before the commission has reservations concerning the idea of transferring beet sugar quotas from sugar factories in French overseas provinces so they can be used by sugar factories in mainland France. However the commission, as it stated earlier, does not oppose transferring sugar quotas under certain circumstances from one sugar factory in the French overseas provinces to another...."

What Dalsager read aloud was fabricated in the commission's translation section Tuesday evening as a "rush-rush job," meaning that the rush jobs on hand were postponed. The Danish translation section on the commission staff in Luxembourg expects that Dalsager's appointment will mean more work and few mentioned the appointment without also remarking on Dalsager's insistence on speaking Danish.

#### Insists on Danish

He has always done this. When he was a member of the European Parliament in 1972-74 he was famous and infamous--depending on nationality and temperament--for insisting on Danish interpretation at all committee meetings. He did this by turning up at a meeting and quickly asking to have the floor. Then he spoke in Danish for several seconds until the committee chairman realized that no one understood what he was saying. When it was pointed out to Dalsager that Danish interpretation was not available and they would therefore prefer him to speak English or German he replied curtly that in that case he would like to request Danish interpretation. A special Dalsager committee was appointed in parliament to make sure that Danish translation would be available at committee meetings. And the story is still being told in lunchrooms, followed by the statement that Dalsager is the Danish politician who has "done the most for the Danish language in EC."

This business about the Danish language is one of the reasons why the foreign press reacted negatively to Dalsager's appointment. THE ECONOMIST questioned his qualifications, specifically his "lack of linguistic ability," which--as the paper noted--is unusual for a Dane. THE ECONOMIST also said that Dalsager could be suspected of "being too much in the pocket of Danish agricultural interests." THE TIMES and THE GUARDIAN made similar statements after the appointment on 21 January and even the harmless BULLETIN, an English-language magazine for foreigners in Brussels, remarked that Dalsager "is happiest when speaking Danish" which would bring problems "in a job where he will meet so many non-Danes."

"One can also look at it from the opposite angle," as one of the Danish press people living here said, "namely that Dalsager can make something out of speaking Danish. If he succeeds he has every opportunity of becoming one of the strongest commissioners. He can handle all the political aspects in his sleep."

And in Danish or not, Dalsager's job is political. The formal role of the EC Commission as a supra-European executive organ is pure fiction, of course. Finn Gundelach was probably the commissioner who took the European ideals most seriously. The other commissioners are all political appointees and have political backgrounds as members of parliament, cabinet ministers or members of special-interest organizations. Gundelach was a diplomat, he came from the foreign service and he had fewer national axes to grind than any other commissioner even though, as they say, he "acted politically for that is the nature of the job."

The agricultural sector is the most important in EC and is actually the crank that turns everything. If EC didn't have a mutual agricultural policy it is doubtful there would be any EC at all. The procedure is that the commission discusses the "price package"--i.e. the setting of EC agricultural price increases. After discussions the proposal goes to the Council of Ministers which suggests amendments based on special national interests. Then the commission holds more discussions and arrives at a compromise which is again discussed by the Council of Ministers before being approved with few changes. That is how it has been in recent years and presumably that is the way it will be this year too. The commission views it as its duty to limit price increases as much as possible. The Council of Ministers is pulling the other way--Dalsager himself did so as Danish agricultural minister as THE GUARDIAN was tactless enough to mention in its presentation article. And in this game the main thing is to get EC to hang together as a unit but within that unit to score as many points as possible for one's own country. You can't get any commissioner to admit that, not even unofficially, but that is the reality. And this politicization of the commission was one of the reasons Dalsager got the post as agricultural commissioner as Anker Jorgensen had "stressed" in the first telephone conversations with commission chairman Gaston Thorn.

Dalsager's candidacy was not received with particular enthusiasm by the commission. But the fact that Natali of Italy and Andriessen of Holland both ran for the post made it easy for Dalsager to gather a majority as a compromise candidate. A majority on the commission would not accept Natali as agricultural commissioner under any circumstances for the simple reason that he would push special Italian interests through to an unreasonable extent. There was a similar lack of enthusiasm about naming Dalsager but when the Dutch commissioner, Andriessen, who is a former finance minister and thus might be presumed to be just the man to hold prices down, failed to get either Danish or Italian support he withdrew also. Unofficially it has been conjectured that he was really under pressure from his government to seek the agriculture post and was not personally interested in getting it which left Dalsager as the only serious candidate who could gather support around the table. A support desired by

Gaston Thorn more than anyone else because a change in portfolios would lead to other conflicts over the posts that would be left vacant.

It was in the same way that Dalsager's name was suggested in the first place-- he was not asked until Knud Heinesen had declined with thanks and both Ivar Norgaard and Kjeld Olesen had refused to volunteer for the bureaucratic beatings in Brussels. Dalsager didn't say yes right away either. He consulted top officials in the Ministry of Agriculture when his candidacy came up and asked them for advice. They thought he should give it a try. Then he talked with his wife, who approved, and then he said yes. The government immediately agreed that the new commissioner should be a politician and a Social Democrat--that was definite and it was a big gamble when Dalsager was nominated and Anker Jorgensen let it be known from the very start that the Danish government would make a big fuss if he didn't get the agricultural area. These steamroller tactics, unheard of even in international political circles, aroused irritation on the commission but luck and circumstances were with Dalsager although he and the prime minister didn't know this when things started rolling on 15 January when matters were discussed by the government market committee, first at Marienborg and later--when it was clear Heinesen was not in the running--at a meeting at Christiansborg where Dalsager was the only candidate.

#### Not Impressed

So now Poul Dalsager from Hjorring lives in a rented house in the suburb of Uccle and goes in each morning to his office on the thirteenth floor of the commission building where the walls are of teakwood and the windows go from floor to ceiling, where the furniture is dark and gloomy and the light color of the carpet is dotted here and there with blue ink spots, something the new commissioner wants changed just as he would like to have some wallpaper on the walls, some nice curtains for the steel framework which, sitting behind his desk with a weak highball, he compared to "an aluminum factory." He is not impressed by the style on the thirteenth floor where leather armchairs and thick rugs in the halls reflect the international environment, where secretaries and guards treat journalists like what they think they are, namely difficult though unavoidable but definitely nonessential elements in the routine, a routine Dalsager knows better than many others do because of his past history as member of the parliament and as minister of agriculture.

No, Dalsager is not impressed and he intends to go on speaking Danish and "listening in English."

"EKSTRA BLADET has the idea that one must talk French to be a member of this commission and that is the paper's affair...and EKSTRA BLADET has often criticized Danes for not speaking Danish here. I don't know why they have changed their minds now just because I'm the person involved. It's hard for me to understand the intellectual arrogance EKSTRA BLADET has demonstrated...."

Does he intend to speak Danish?

"Yes, yes, we all talk in our own language, that doesn't lead to any problems."



The problems in the commission are not linguistic, they are political, but it is characteristic of the Danes, as it is said, that they have placed enormous emphasis on the language aspect. "Because Gundelach was a master of language and could shuffle verbs around in four different languages in the same sentence, in a manner of speaking, people at home have had a tendency to confuse that talent with political and diplomatic authority." He had those too, but not for that reason, as a Danish official said.

He added: "When Dalsager took Juul Jorgensen from the Ministry of Agriculture to work down here, when he made sure he got good officials it is no problem that he speaks Danish. His job is to make policy."

And that is what he is doing. He says himself that agricultural talks "move ahead very slowly" because each point is gone through thoroughly. And he is quite familiar with that procedure, he knows the game and plays it on an equal footing. Party colleagues in Copenhagen have called his post "a hell of a job because the EC budget doesn't stretch to big subsidies" and Dalsager's problem is to distribute the misery over the entire EC agricultural sector, but with a certain deference to farmers from southern Europe. The new thing is that southern Europeans should participate more in the principle of mutual economic responsibility which now marks agricultural arrangements--which means that the farmers themselves must bear losses resulting from overproduction--and there is little enthusiasm for this among the Greeks and Italians. So they are sitting at commission meetings and sparring over this issue.

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CSO: 8113/0884

## GERMAN TRAVEL ABROAD INCREASES BALANCE OF PAYMENTS PROBLEM

West Berlin DIW WOCHENBERICHT in German 5 Mar 81 pp 108-113

/Text/ The following is the summary of a study<sup>1</sup> carried out by the German Institute for Economic Research on behalf of the AMK Berlin /Exhibition-Fair-Congress GmbH/ on the occasion of the 15th International Tourism Exchange (ITB) Berlin. It reports on the structure and development of international travel; a second report deals with travel in the CEMA region. The report focuses on the economic problems arising from the rapid movement in direction of a greater deficit in the German travel balance.

## Structure and Development of International Travel

Statistics on international travel are usually long delayed; no accurate description of worldwide trends is possible before the end of the respective subsequent year. Table 1 displays the development of tourism in those countries which have the largest foreign exchange earnings from foreign tourists. Two important indicators are changes in these revenues (calculated in U.S.dollars) and changes in the volume of foreign travelers. Due to their special importance the figures for tourists from the FRG and the United States are given separately. The interpretation of the trend of revenues from tourism is made more difficult by changes in exchange rates. The outstanding example of the effect of revaluation is the 8.5 percent decline in Egypt's earnings. At the beginning of 1979 the Egyptian pound was severely devalued, from \$2.56 to \$1.43. Despite such revaluation effects and differences in the methods of data collection and the degree of completeness of national tourist statistics, the following may be asserted:

International travel increased sharply in 1979. Large growth rates were recorded especially in the tourist flow to countries far distant from Germany--in Southeast Asia, for instance--and to the countries of southern Europe. Tourist revenues increased accordingly. The example of southern Europe, though, shows how easily tourist flows may be diverted by changes in touristically relevant data. Chief among these are substantial differences in the costs of tourism in neighboring countries with basically similar attractions, the fear of specific dangers or disagreeable concomitants of travel to certain countries and, lastly, reports about the tourist amenities in the respective countries. In 1979 Spain and Yugoslavia were affected by such trends. They recorded fewer visitors than in 1978.

# International Travel 1979 (Percentage Changes Compared With 1978\*)

	(1) Einnahmen 1)	(2) Zahl der Reisenden 2)		
		(3) Ins- gesamt	(4) aus der Bundesrepublik Deutschland	(5) aus den USA
(6) USA	14.6	2.1	26.4	-
(7) Italien	30.8	14.2	.	0
(8) Frankreich	15.0	4.3	5.9	- 9.8
(9) Spanien	17.9	-2.7	- 8.7	- 6.2
(10) Großbritannien	24.9	-1.2	2.7	-12.5
(11) Bundesrepublik Deutschland	18.7	3.2	-	- 9.4
(12) Österreich	18.9	5.1	4.4	-17.0
(13) Mexiko	89.2	.	.	7.1
(14) Schweiz	7.7	-3.1	- 1.2	-21.7
(15) Kanada	19.6	-3.5	28.7	- 6.3
(16) Griechenland	24.0	15.5	6.7	17.2
(17) Belgien-Luxemburg	16.1	2.1	- 0.5	5.5
(18) Dänemark	27.0	-1.3	3.9	-15.7
(19) Niederlande	4.7	2.5	- 0.3	-10.6
(20) Saudi Arabien	51.8	.	.	.
(21) Jugoslawien	27.0	-6.6	- 7.9	- 5.4
(22) Portugal	60.1	34.2	18.1	6.8
(23) Israel	32.6	.	.	.
(24) Schweden	19.1	5.1	1.9	2.7
(25) Singapur	19.5	.	.	.
(26) Norwegen	8.6	0.6	3.9	-12.7
(27) Tunesien	45.1	.	.	.
(28) Ägypten	-8.5	.	.	.
(29) Indien	30.4	.	.	.
(30) Japan	20.1	7.1	7.1	- 3.7
(31) Bahamas	12.7	.	.	.
(32) Thailand	86.7	.	.	.
(33) Finnland	22.4	8.7	13.9	-21.5
(34) Irland	15.6	-0.1	- 7.5	- 9.1
(35) Australien	33.2	.	.	.
(36) *) Länder in der Reihenfolge ihrer gesamten Reiseverkehrs- Einnahmen 1979.				
(37) 1) Berechnet auf der Basis US-\$ zu jeweiligen Wechselkursen.				
(38) 2) Die statistische Erfassung der Reisenden ist internatio- nal uneinheitlich. Nähere Angaben: Siehe Länderangaben in der Quelle: OECD, Tourism Policy ...				
(39) Quellen: IMF, Balance of Payments Yearbook, Computer tape of December 1980; OECD, Tourism Policy and Inter- national Tourism in OECD Member Countries, Paris, 1980; DIW, Schätzungen.				

Key:

1. Revenues
2. Travelers
3. Total
4. From the FRG
5. From the United States
6. Italy
7. France
8. Spain
9. Britain
10. FRG
11. Austria
12. Switzerland

/Key continued on following page/

13. Canada
14. Greece
15. Belgium-Luxembourg
16. Denmark
17. Netherlands
18. Yugoslavia
19. Sweden
20. Norway
21. Tunisia
22. Egypt
23. India
24. Ireland
25. \*) Countries in the sequence of their total tourist revenues 1979
26. 1) Computed on the basis of the U.S.dollar to the respective rates of exchange
27. 2) There is no uniformity in the international statistical compilation of travelers. For greater detail see country data in "Tourism Policy and International Tourism in OECD Member Countries."
28. Sources: IMF, "Balance of Payments Yearbook," computer tape of December 1980; OECD, "Tourism Policy and International Tourism in OECD Member Countries," Paris 1980; DIW estimates.

Two other factors determine changes in the volume of tourist travel: The first is the weather. If there is little snow in the Alps, skiers will stay away. When Western Europe experiences a rainy and cold summer, many people will opt for a vacation in the sunny south. That is clearly reflected in the travel statistics for 1979. Ireland, Britain, the Netherlands and Denmark were the losers in that tourist year. The second dominant factor for interregional travel is the development of real income and the length of vacations in the travelers country of origin. This is where we find considerable differences at the international level. They are the predominant reason for the current "imbalance" in the distribution of the international flow of tourism.

The "imbalance" in international tourism substantially increased in 1979. Tourist revenues of countries with particularly large surpluses rose just as much as the net payments by the most important countries of origin of tourist travel. Data regarding 103 countries outside CEMA have been evaluated. Six European countries each earned more than \$1 billion net from tourism: Italy (6.7), Spain (5.6), Austria (2.6), France (1.6), Britain (1.4) and Greece (1.4). At the other end of the scale the countries showing more than \$1 billion net spending in international tourism were the United States (1.1), Sweden (1.1), Saudi Arabia (1.1), Belgium-Luxembourg (1.3), Venezuela (1.4), the Netherlands (2.7), Japan (4.3) and the FRG (12.2). The German deficit was thus almost as large as the total of the other seven deficit countries. And that although one important item is missing from the statistics: Net expenditure in inner-German travel to the GDR is not included in the figures. A representative poll has<sub>2</sub> shown that 600,000 federal citizens spent their principal 1979 vacations in the GDR<sub>2</sub>; many shorter visits must be added to that figure.



## Economic Problems

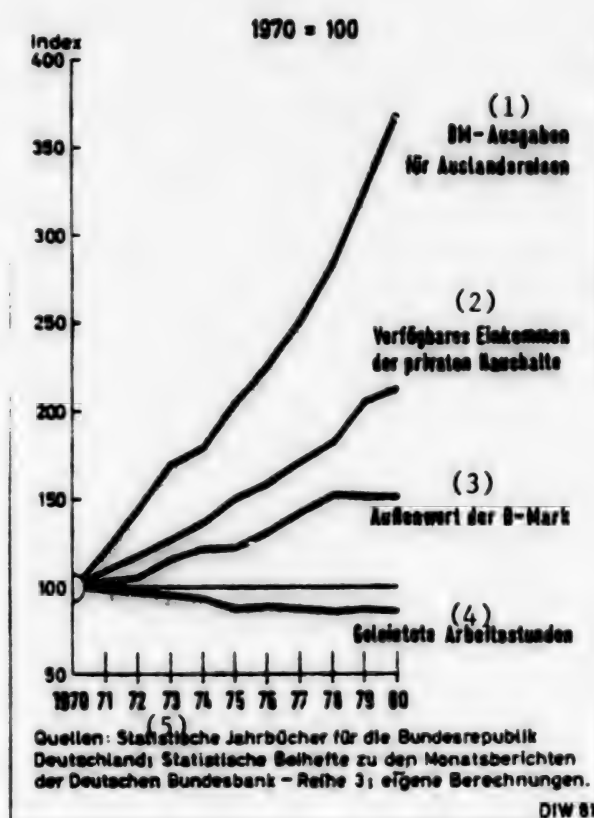
Most of the countries listed in table 1 are members of the European Community. Two more, Austria and Spain, directly border on the EEC. This has economic significance from two aspects: For one investments in tourist infrastructures should be the object of economic and, particularly, regional political cooperation among the European countries. At the present time these investments are characterized by great risks due to serious competition for the tourist; often they also involve the despoliation of the environment--to the chagrin of tourists as well as residents. For the other, when discussing a brake on private expenditure abroad, we must take into account the fact that large regions are utterly dependent on tourism. Such a side-discussion has begun in the FRG.

Vacation travel is a preferred way of spending leisure. In the Federal Republic travel costs have been increasing disproportionately in relation to disposable income<sup>3</sup> and the total consumer expenditures of households. At the same time expenditure on foreign travel rose much faster than total vacation expenditure: At a rate of about 80 percent in 1975-1980. As the graph shows, expenditure on foreign travel has nearly quadrupled in the past 10 years. Only an insignificant proportion of this growth can be explained as the corollary of German goods and services exports. Business travel causes far less expenditure than private tourism. A somewhat larger percentage of the increase in travel expenses was compensation for the rise in the cost of living in the countries visited. The revaluation of the D-mark reflected the fact that the cost of living rose much faster in nearly all other countries. Compared with the 16 most important foreign currencies the D-mark gained 50 percent in the past 10 years. Insofar as this overcompensated the inflation differential, the result was a lowering of vacation costs, and this in turn stimulated foreign travel. Still, this effect alone cannot provide an explanation for the fact that expenditure on foreign travel grew nearly twice as fast as the disposable incomes of private households. Nor can the disproportionate growth be explained by the rise in leisure time as reflected in the decline in hours worked per annum. We can therefore note merely that we may see a trend--exploited and encouraged by advertising and the operations of the tourist agencies--, which largely represents a variant of "Engel's law": As prosperity increases, more and more luxury goods tend to become goods of "normal" consumption.

This trend was reflected in the sweeping growth of the deficit in tourism (1980: DM26 billion), which contributed substantially to the emergence of a deficit in the German current account (table 2). Usually attention is devoted to the development of foreign trade almost exclusively. The traditional surplus in the balance of trade still grew considerably in the early 1970's. Subsequently it shrank as the result of the pressure of oil price increases and the competition of other suppliers such as the Japanese. In 1980 it amounted to DM9 billion only. Parallel to this emerged--almost unnoticed--a respectable surplus from services (excluding travel), transports and income transfers. Rising earnings from German investments abroad and international freight transports especially contributed to this surplus (1980: DM11.7 billion). Faster yet was the rate of expansion of public transfers, benefiting predominantly the EEC budgets and the developing countries. The deficit in public transfers amounted to about DM14 billion in 1980 (1970: - DM3.7 billion). Taking private transfers into account also, which are mainly income transfers by foreign workers, we arrive at the following interim result: In 1970 the DM8.5 billion surplus in the current account excluding travel was more than enough to finance

net expenditure on travel. Five years later the surplus in the current account (excluding travel) and the deficit in travel had almost tripled. There remained a DM10 billion surplus in the total current account. These credit items were the basis for the D-mark revaluation. In 1980, on the other hand, these same three balances showed the following: - DM2 billion (current account excluding travel), - DM26 billion (travel) and - DM28 billion (total current account). These deficit items certainly help to account for the latest D-mark losses on the foreign exchange markets.

#### Economic Development and Foreign Travel FRG



Key:

1. D-mark expenditure on foreign travel
2. Disposable incomes of private households
3. D-mark foreign value
4. Hours worked
5. Sources: FRG Statistical Yearbooks, statistical supplements to the monthly reports of the German Bundesbank, series 3; authors own computations

The Development of the West German Current Account<sup>1)</sup> 1970-1980 (in million DM)

(1)			
Bilanzposten (Mill.DM)	1970	1975	1980
(2)			
Außenhandelsaldo	15 670	37 276	9 141
• Ergänzungen dazu	- 1 344	- 1 187	1 175
(4)			
• Saldo der Dienstleistungen, Einkommen und Transporte (ohne Reiseverkehr)	3 928	6 573	11 939
(5)			
• Saldo der öffentlichen Übertragungen	- 3 727	- 8 906	-14 169
(6)			
• Saldo der privaten Übertragungen	- 6 032	- 8 982	-10 105
(7)			
• Leistungsbilanz ohne Reiseverkehr	8 495	24 774	- 2 019
(8)			
• Reiseverkehrs-bilanzsaldo 1)	- 5 312	-14 851	-26 126
(9)			
• Leistungsbilanzsaldo	3 183	9 923	-28 145
(10)			
1) Einnahmenüberschuß: ohne Vorzeichen; Ausgabenüberschuß: -.			
2) Einschließlich Personenbeförderung			
Quelle: Statistische Beihefte zu den Monatsberichten der Deutschen Bundesbank - Reihe 3.			

Key:

1. Balance sheet item (million DM)
2. Foreign trade balance
3. Supplements to the above
4. Balance of services, revenues and transports (excluding travel)
5. Balance of public transfers
6. Balance of private transfers
7. Current account excluding travel
8. Balance of travel
9. Current account balance
10. 1) Surplus revenues: Excluding plus or minus sign; surplus expenditures: -.
11. 2) Including passenger carriage
12. Source: Statistical supplements to the monthly reports of the German Bundesbank, series 3.

The trend of travel expenditure is important for any appraisal of the problem of the German current account deficit. The travel deficit represents consumption by the German public, which must ultimately be paid for by exports of goods and services. In the longer term this means that our real competitive status--that is the quality and technological attributes of domestic goods and services--must grow relatively stronger. It is therefore very important for the decisionmakers in all kinds of sectors to plan future developments.

Any lowering of the travel deficit presumes a redirection of travel. Germans and foreigners must "rediscover" tourist attractions in Germany. However, our climate and, not least, the volume and type of vacation offers in Germany militate against the voluntary renunciation of foreign travel. Were this redirection to occur nevertheless, we would initially have to expect "self-correcting" overcrowding and higher prices in German tourist centers. At the present time it is most probable that business travel abroad will continue to be considered inevitable and vacations abroad preferred. We must therefore expect the same volume of D-mark expenditure on foreign travel, and even more should the D-mark be further devalued.

### Monetary Strategies

The price mechanism may be used for two different political strategies. The first consists in using the Bundesbank's foreign exchange reserves to prevent D-mark devaluations and producing a price-related competitive advantage for domestic products by other means (monetary policy, fiscal policy and employment policy). It is not at all certain, though, whether our foreign exchange reserves will suffice--without devaluation--to bridge the gap until such time as our foreign trade surplus is once again sufficient to finance travel and transfers. Nor can we be sure that the neighboring countries affected would not counteract the cheaper prices of German exports by devaluing their own currencies. Thirdly it is impossible to know whether all this might not require a price stabilization goal unduly restrictive in view of the currently poor economic situation.

The alternative strategy is the renunciation of interventions on the foreign exchange market and the freeing of the exchange rate. This flexible exchange rate would "automatically" ensure the financing of the current account deficit by private capital imports. In regard to the choice of this strategy we must again study at least three questions--left open here. First we must ask whether the devaluations might not be so large that the subsequent imported inflation would seriously damage domestic stability. Secondly we must study whether the acceptance of devaluations may amount to such a distinct beggar-my-neighbor policy that the neighboring countries affected would be bound to react by devaluation also (devaluation competition). The third question is whether we can expect private enterprise and our partners in international political cooperation to accept this exchange rate insecurity.

Administrative restrictions on payment transactions damage currency convertibility. Though internationally customary, Germans no longer have any idea of the implications of major restrictions on the freedom of payment transactions. In view of the problems mentioned regarding the economic utilization of the price mechanism we might well consider restrictions on D-mark convertibility. In that case, however, we must also take into account the fact that this would not only amount to a striking breach in our rather well tested economic system but also imply the acceptance of various practical political problems. In a democracy it is hardly to be contemplated that only "tourists" should be affected by restrictions on payment transactions; the foreign exchange expenditure of business travelers would therefore have to be similarly controlled. It is obvious that business travel would then require much preparation and foreign trade be made that much more difficult. Nor is it possible successfully to control travel expenditure without giving up the convertibility of the currency on a broad front. Initially this would mean that capital movements must be controlled. That, though, cannot happen without the inclusion of



the entire services and trade traffic. Consequently the child "liberality and flexibility in the export business" would go down the drain with the bathwater of "financing problems." We must also consider that travel expenditure abroad serves to finance the goods imports of the host countries. Finally let us remember the considerable "costs" involved by way of the loss of freedom of disposition, endless political disputes about the allocation of foreign exchange and not least the establishment of a large supervisory bureaucracy. The very fact that there are just as many countries with extremely restrictive foreign exchange regulations for the private travel of their citizens as there are countries with fully convertible currencies is responsible for the unequal international distribution of foreign exchange problems. It is also linked to different organizational principles of economics. Consider that two EEC members, Italy and Greece, are among those countries which restrict their residents travel expenditures with particular severity. That again gives rise to two questions. First: How is this supposed to be compatible with the free movement of people within the EEC? And second: How is this supposed to be compatible with the free movement of goods and services? From the standpoint of foreign trade a restrictive "travel currency" quota represents an import quota; restricted in this case are the imports of certain goods and services which can be consumed abroad only. Used as a method for achieving or increasing foreign exchange surpluses, such a travel currency quota equals a foreign exchange quota for food imports, to choose just one example.

#### FOOTNOTES

1. E. Svindland/M. Lodahl: "International Tourism--Data and Analyses," expert opinion on behalf of the AMK-Austellungs-Messe-Kongress GmbH, Berlin 1981. This study may be obtained from the AMK in German or English, complete with extensive statistics.
2. Klaus Dieter Hartmann, "Urlaubsreisen 1979" /Vacation Travel 1979/, published by Studienreisen fuer Tourismus e.V., Starnberg 1980.
3. Income flexibility is greater than two.

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CSO: 3103

## GOVERNMENT, CONSUMERS STRUGGLE TO KEEP PACE WITH INFLATION

Copenhagen BERLINGSKE TIDENDE in Danish 17 Feb 81 p 5

[Article by Lars Th. Kjolbye]

[Text] Reykjavik--The Icelandic economy continues to roll along with an annual inflation rate of 60 percent and apparently both the authorities and the taxpayers are getting used to these conditions. An administrative director of a large woollen factory near Reykjavik summarized the problem in the following characteristic way: "When we decide to give a worker a pay raise we have to call him in and tell him about it, otherwise the raise would go unnoticed since workers are used to having their wages rise practically every single month simply as a result of the cost-of-living adjustment."

The steep Icelandic inflation rate has been going on for several years and although the government's official goal is an inflation rate of at most 48 percent in 1981 leading economists expect they will have a currency deterioration of around 60 percent this year too.

However starting 1 January an attempt has been made to deal with the effects even though it is acknowledged that the background for the inflation is unchanged. The government decided to rub out the last two zeros on the price tags. A product that cost 3000 kroner in the stores on 31 December now costs only 30 kroner. On the other hand the last two digits have also disappeared from pay checks so the situation is unchanged as far as buying power is concerned.

The Icelandic monetary reform was implemented for purely practical reasons since inflation and currency deterioration had pumped price levels up to unmanageable heights. The reform also involved issuing new currency and over half the old kroner have already been replaced with new ones.

The main reasons for the weak Icelandic economy which was pointed up further last week by a devaluation of the krone by 3.69 percent are the declining earnings in fishing, the major national occupation, as well as the nation's major export industry and the high priority assigned to avoiding unemployment.

In several periods Iceland has been hard hit by low fish prices on the world market during the very seasons when Icelanders have been handicapped by low fish catches. With only 330,000 inhabitants Iceland does not have much economic backup when the all-important fishing industry fluctuates in terms of price and catch size. On the other hand the country has profited from very high prices for fish exports and these variations are the most important reason for the unstable economic situation.

#### Consumers Busy

The permanent economic unrest means that people in Iceland often rush to spend money as soon as it is earned. This is especially true with regard to expensive durable consumer products such as cars, furniture and radio equipment. The rush to buy things strains the country's weak economy which Icelanders try to get as much out of as possible each in their own way.

It is also a widespread practice to have one and a half or two jobs in order to utilize the value of the krone in that way since one never knows what it will be worth next week. In this context moonlighting is often referred to as being a widespread factor but there appear to be no official figures to show how much money is lost to the treasury in taxes for this reason.

Iceland's Prime Minister Gunnar Thoroddsen, said in a conversation that Icelanders have always led a dangerous life but he views the future with confidence even so. Gunnar Thoroddsen has confidence in the anti-inflationary measures introduced in January. They include a tightening up of the wage freeze already in existence and in the future Icelanders will only get wage adjustments every quarter. At the same time the government has decided to loosen the Icelandic krone's firm ties to the dollar. The rising exchange rate of the dollar further increases the pressure on Icelandic export industries. Now the exchange rate of the new Icelandic krone will be based on a weighted average of the exchange rates of the West European countries Iceland trades the most with.

The only thing they don't have to worry about is rapidly rising oil prices. The hot springs in Iceland heat homes for about 20 percent of what it would cost to heat them with the costly oil.

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CSO: 3106

## MINISTER CAPRIA INTERVIEWED ON DEVELOPMENT OF SICILY

Palermo GIORNALE DI SICILIA in Italian 1 Mar 81 p 7

[Interview with Nicola Capria, minister for the South, by Giovanni Pepi: "Sicily Cannot Develop Without Industrialization"]

[Text] For 2 years Sicily has taken the lead in crisis factors. It has paid the price for the unsettled chemical and petrochemical situation, but it has not been touched by those spurts of new business enterprise which, according to the latest census data, have benefited the South. A few months ago IASM [Institute to Aid Development of the South] reported that small and medium businesses interested in investment in the South deserted the island. Now under the effect of tight credit and the reduced competitive position of products made in Italy, the region sees its most typical industry vacillate. Is it a crisis, merely a crisis? Nicola Capria, minister for the South, past vice president of the region and concillor for industry, replies that pessimism and optimism are vague statements and he prefers to talk about things that should be done.

[Question] Very well, let's discuss them.

[Answer] Let us take note of the new terms of the Sicilian and southern question.

[Question] In what sense?

[Answer] Let us consider the 1950's. The battle of La Cava's Sicindustria was an expression--even a generous expression--of the real problems and contradictions. The advance of monopolies, the plan for savage exploitation of Sicilian resources were not hallucinations on the part of those who fought against them. The assessment of the political outcome of that battle is something else.

[Question] And today?

[Answer] This is the point. Today Sicily, the South, have domestic and international ties that are greater than in the past. The entire economic system has a decreased spontaneous capacity for growth. But the failure of full development in the South is one of the reasons for the inefficiency, the noncompetition, of the entire national economy. This is the point: Today the theme of the development of Sicily must be seen in a national dimension, certainly regaining the prerogatives of independence but without yielding to rhetorical temptations of an antihistorical Sicilianism.

[Question] Today there is talk of a different South compared with the past. To what extent does that diversity affect Sicily?

[Answer] Nothing has stood still. Even Sicily has had changes that are causes and effects of the growth of new social protagonists; new classes that express a growing demand for democracy and effectiveness of institutions. We must give an answer. The proposal of extraordinary aid approved by the government moves in that direction.

[Question] What is the answer?

[Answer] The main one refers to the choice of industrialization as a priority development factor. And the initial situation in this regard, especially in Sicily, is a matter of concern.

[Question] Why?

[Answer] The industrial structure shows strong signs of backwardness. There is a predominance of public, chemical and petrochemical industry in particular. The large plants far outweigh the small and medium facilities. The high-energy consumption sectors are dominant.

[Question] Does this show the need for a reversal: Fewer large basic plants and more manufacturing industries; less public industry and more private establishments?

[Answer] I don't like the word reversal; it is better to speak of efficiency in order to avoid the rise of new myths.

[Question] Which?

[Answer] That of "small is beautiful" or the "submerged marvel," for example, which could legitimize the hypothesis of a progressive dismantling of large enterprise or of a change in the size of the public role. We say that rehabilitation of the basic sectors on one hand and the diffusion of a system of small and medium industries on the other must be complementary poles of unopposed development. This should be the substance of the turning-point, which is not only tied to reform of extraordinary aid.

[Question] Explain.

[Answer] Extraordinary aid is a chapter that cannot function without relevance to economic policy in general. Here is an example: Extraordinary aid aims at a balance between the public and private sector, but it will be useless if later the sectoral policies, that of state participation, for example, or those for the chemical and automobile sectors, do not have as their central objective the enlargement of the productive bases in the South.

[Question] So far there have been positive signs in that regard.

[Answer] The medium-term plan is being discussed, the problem is on the agenda.

[Question] Let us return to the law on extraordinary aid, or better to the proposed reform. What specifically is the change in favor of industry?



[Answer] The Fund for the South will be organized in two agencies, one designated exclusively for industrial promotion. Then the system of incentives to industry is being radically reformed. The procedures were simplified to the utmost. The time needed for the payment of funds is more than half what it was in the past. The requirement of a concurrent opinion of the minister was abolished and the heart of the decision process was shifted to the banking system, which can freely assess the effective economic soundness of an industrial initiative. In brief, a slow and laborious bureaucratic system was abolished, and a big credit card was offered to the business world. The quality of incentives also has changed.

[Question] What is that about?

[Answer] Special concessions for transportation, for the cost of energy supplies, reduced rates for telephones and the installation of telex equipment. Also for the training of personnel and of executive and intermediate staff, business and technological consultation. In short, the objective is to create the network of services business needs, just as a fish needs water.

[Question] This reform project does not seem to have aroused great enthusiasm. The industrialists ask for changes; and the regions protested them.

[Answer] That is not true. The opinion of industrialists is substantially positive. The requests for changes are in reference to technical details. But the dialog is very open. In this regard the March conference organized by the GIORNALE DI SICILIA and IASM can be the scene of an important meeting with the island's businessmen.

[Question] And what about the regions?

[Answer] Here, too, the dialog is open. The regions cannot fail to note that for the first time they are entrusted with all the authority assigned them by the constitution: land reclamation, aid to metropolitan areas, reorganization of interior areas. Then there is the need for balance between regional and interregional interests. For example: The water question between Puglia and Basilicata. In Basilicata there is water, but Puglia has none. Puglia wants it and Basilicata does not want to give it. Who makes a decision? A point of balance can be achieved only by the central authority. To settle this, the fund has the task of developing interregional projects. But, I repeat, the possibility of agreement concerning reform so far has been more numerous than occasions for conflict.

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CSO: 3104

## NEW PARTY SPLITS OFF FROM LEFT-SOCIALISTS OVER AFGHANISTAN

Copenhagen INFORMATION in Danish 9 Feb 81 p 1

[Text] The Socialist Workers Party (SAP) criticizes VS [Left-Socialist Party] for demanding Soviet withdrawal from Afghanistan.

The Socialist Workers Party (SAP)--formerly RSF [Socialist Revolutionary Alliance]--has started a campaign aimed at collecting 25,000 signatures so the party will be able to get on the ballot in the next Folketing election.

The party gives three reasons for its decision to form a party:

1. There is a need for SAP's policy in an election campaign and in Folketing.
2. There is a need for a party fighting for unity of action in the working class that crosses over working-class party lines.
3. SAP must have a democratic right to present its viewpoints in an election campaign.

## Afghanistan

Viewed in relation to the existing left-wing parties in Folketing SAP lies closest to VS. But in its material SAP writes nothing about the determining distinctions between VS and SAP.

"We differ from VS especially on the question of the labor government and our stand on international issues," Soren Sondergard of SAP told INFORMATION.

"We think VS took a harmful position on Afghanistan. We do not defend the Soviet invasion. But we oppose demanding a Soviet withdrawal because this would mean a blood bath aimed at progressive elements and because it would threaten the Soviet workers' state. It's the United States that is the imperialist power--not the Soviet Union," said Soren Sondergard.

## Worker Government

Asked about a worker government and the attitude toward the Social Democrats he said:

"Even though it's getting to be a joke on the left wing SAP always invites the Social Democrats to join in when it comes to demonstrations and campaigns--on May Day as well as the recent demonstration on nationalizing North Sea oil. Our central tool is a united front and one cannot ask Social Democratic workers to break with their party in order to take part. We intend to help the Social Democratic workers to stand firm on the demand that the labor parties join forces and form a worker government. But VS would never extend invitations to the Social Democrats."

In regard to North Sea oil SAP feels VS has not taken the offensive to a sufficient extent.

"The policy pursued in Folketing by Preben Vilhjelmsen has been based on mandate politics and has depended on what the Radical Liberals would go along with and what they would not. Instead VS should have presented a concrete nationalization proposal because that is more in accord with the mood of the people. VS should have invited the worker parties to join a mutual campaign backing such a demand," Soren Sondergaard concluded.

He also informed us that the party has 200 members, 40 percent of them workers.

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CSO: 3106

## SOCIAL AFFAIRS MINISTER BJERREGAARD RISES IN SDP RANKS

Copenhagen BERLINGSKE TIDENDE in Danish 15 Feb 81 p 13

[Article by Lisbeth Knudsen]

[Text] Like the last three big speeches made by the social affairs minister the one she delivered in Oslo caused quite a stir, especially in her own party. And that was probably her intention.

"If the situation was such that the Social Democrats ran around and believed they would carry out some good or interesting ideas that would serve a noble purpose one might just as well close the party. There would be no use for it. The rest of us would have to hurry up and organize a party to safeguard the political interests of the working class."

Social Affairs Minister Ritt Bjerregaard has posted a new political wall newspaper. She did so Thursday at a debate meeting with the new Norwegian prime minister in Oslo and like her three earlier big speeches as social affairs minister this latest chapter has caused quite a stir especially in her own party. True to the role of wall newspapers that was presumably part of its purpose.

Prime Minister Anker Jorgensen gave his blue stamp to Ritt Bjerregaard's OECD speech in Folketing recently even though it was not signed by all the Social Democratic members of Folketing as being the basis of Social Democratic policy. It was probably some of those with the "noble purposes" and the "good or interesting ideas" who found it a little too militant to regard Danish social policy as a more convenient means for keeping the masses calm instead of using the police or the military against them. Her picture of society is provocative but the well-worded wall newspapers tell party members all over the country that there is a coming leader who has set new goals for the Social Democrats in the 1980's and 1990's to replace the old and already accomplished goals. There are new struggles to be fought.

#### New Goals

The Bjerregaard presentation of democratic socialism runs like this. As part of the labor movement it is the job of Social Democracy to safeguard the

interests of the working class. The first goals were material benefits, social security and equality in education. These things have been accomplished so well according to Ritt Bjerregaard that only minor corrections remain to be made. Among these are providing social benefits for everyone for a while in order to make it natural for the working class to receive them too. This is no longer necessary and in the future only the weakest groups should get social benefits according to the social affairs minister.

The new goals of the working class according to Ritt Bjerregaard are major changes in its relation to the means of production, the question of managing production, the distribution of work and the right to profits.

It is not nationalization or socialization in the true sense that Ritt Bjerregaard is after. Social upheaval and revolution are against her principles. According to her theories the working class must fight its way to victory via negotiations, contracts and compromises because it is the working class that would be hardest hit by a revolution. What Ritt Bjerregaard wants is to create a clear connection between those performing a job and those deciding what to do and profiting from the work. It is not state operation of industry that she wants but firms that are owned and run by the wage earners, firms that can handle free competition. For her the new technology is a means of insuring this worker takeover because in her opinion this should not be used as a campaign of terror but as a "kick in the pants so even the slowest can understand that it can't go on that way with the labor purchasers being alone on leading and distributing work." She would use the new technology to "compete into the ground" those firms that would not cooperate on worker influence.

#### Class Society

Ritt Bjerregaard has given a hint as to when the new goals for the working class which she has posted in her wall newspapers will be achieved. She has estimated that it will take at least half a century to get rid of capitalism and liberalism and introduce a society based on working-class terms. She does not feel anything special is needed to get this development started. In her opinion it has already started.

Ritt Bjerregaard's class division of society is based on the theory that what the workers have in common is that they do not own the means of production, that they are dependent on the owners and that they sell their labor like a product. "I think much of the confusion has arisen because we ourselves sometimes forget the difference between an interest party such as the Social Democratic Party whose job is to protect the interests of the working class and the idea parties which have all kinds of good and laudable objectives on their programs," Ritt Bjerregaard said in her latest speech.

#### Social Policy

The words "interests of the working class" come up again when Ritt Bjerregaard explains her ideas about unemployment compensation, social benefits, business



subsidies and the direction of the educational system. High payments are needed to safeguard the unemployed in the transition to the new society with guided production and full employment. Large social benefits must go to the weakest groups to prevent unwanted disturbances in society but there will be no more benefits for those who can manage without them. There will be no more subsidies to keep businesses alive artificially, businesses that should go bankrupt so they can be replaced by new ones. Such a clean-up of society leads to problems, even for Social Affairs Minister Ritt Bjerregaard, for example with regard to social income because here she has taken the consequences of her own admission that there are not enough rich people in this country to finance larger benefits for society's weakest members. Therefore the money must be taken from the middle groups who have been used to getting some of the social benefits.

The social affairs minister's showdown with the intermediaries in the social system is an exact parallel with the expert showdown in the education sector when then Education Minister Ritt Bjerregaard told the researchers of the nation that they were there to serve the politicians and the public and not the other way around. She wants to give the politicians full power to allow the mood of the grass roots to come through without delaying mechanisms provided by experts and professionals.

Very few Social Democrats have dared to pick at the Bjerregaard wall newspapers. Some comments in the sociopolitical area have suggested that perhaps the minister's ideas should be served up in a more "appetizing way" for the public. But the newspapers are left there and they are the most pronounced indication of a new Social Democratic ideological debate because there is no real opposition to them.

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CSO: 3106

## CP LABOR MINISTER AALTO RESIGNS TO PREPARE FOR PARTY MEET

## Sinisalo Gives Views

Helsinki SUOMEN KUVALEHTI in Finnish 13 Mar 81 pp 45-47

[Article by Jouni Flinkkila: "Bouncers Cannot Be Found: SKP Vice Chairman Taisto Sinisalo Sure of His Own People"]

[Text] We met in the conference room at SKP [Finnish Communist Party] headquarters on the fifth floor of Culture House. SKP leaders were assembled about the same table to discuss matters we too wanted to discuss.

Taisto Sinisalo was sitting at the end of the table. From the wall Karl Marx and V.I. Lenin stared down sternly.

The SKP vice chairman had returned a couple of days before from the SKP's sister party, the NKP [Soviet Communist Party], congress.

What, Taisto Sinisalo, were the most important messages conveyed at the NKP Congress?

"There were two major general messages at the NKP congress. The first dealt with amendments to the NKP's traditional peace programs and specific proposals relating to them and the second with Soviet society's growth objectives, which demonstrate to pessimists that growth is still possible, that development has not come to a stop."

In Sinisalo's opinion, one significant general feature [of the congress] was the constancy and firmness of the NKP policy line. "There has been a lot of speculation about unity, but the congress produced a good reply to speculators' [doubts]. It was also an encouraging one for communists the world over."

According to Sinisalo, the NKP congress constituted a major survey of international communism. Participating in it were 123 parties from different parts of the globe.

"Most of the parties were Marxist-Leninist. I had attended a couple of congresses before, but this time the quantitative growth in addition to the qualitative rise could be clearly seen. The communist movement has been adding to its ranks and, when we think back on the difficulties we have left behind, we can now speak of some sort of a breakthrough.

"To be sure, cracks still appear, but their significance is exaggerated in the West. The NKP congress was unquestionably a major victory for international communism."

#### "Unity Stressed"

Of the Finns, SKP chairman Aarne Saarinen spoke before the congress and vice chairman Taisto Sinisalo got to air his views in Smolna in Leningrad.

"The congress was a demonstration of the very steadfast relationship that exists between the NKP and the SKP. I do not believe that anyone would be so bold as to suspect or speculate that changes have occurred. Even our hosts were the same as at the last congress."

Of course, SKP internal affairs were nevertheless discussed?

"Certainly they were discussed; communists can hardly be expected not to talk about their own affairs.

"During every possible phase of the proceedings the unity of our congress was stressed. This is, of course, in conformity with our sister party's hopes. But our relations are so close and constant that there is no reason to suppose that one meeting might produce dramatic turning points.

"The broad significance of unity was stressed since disunity is not only an SKP problem; it is a widespread social problem that could have repercussions on Finnish-Soviet relations."

#### Eternal Search?

For 15 years now unity has been disappearing from the SKP.

It has been sought at every party congress.

During the last two, hopes were high but to this day a deep rift separates the discordant factions: "reformists" and "Stalinists," majority and minority factions.

The right has strengthened its hold and the Communists have lost their position. An unprecedented, extensive discussion has been and is now going on within the Finnish People's Democratic League (SKDL) over SKP unification.

Both "reformists" and "Stalinists" are demanding respect for a return to rule-ordered behavior. The rank and file are fed up with the dispute and the parallel organizations want to break their ties.

But how can peace be achieved? Who will take the initiative? The debaters seem to be sinking deeper and deeper into the morass and the red thread of debates is fragmented into thin strands.

"We have to hoist our sails even though we don't know where we're going," someone has written in KANSAN UUTiset.

According to the interview published in DER SPIEGEL which created such a stir, party chairman Saarinen claimed that the "Stalinists" would be tossed out at the [next] congress.

Saarinen denies having put it so strongly, which it behooves us to believe.

Allowed to Freely Applaud

Elections for SKP delegates begin Sunday. This time 522 delegates, whose names will be made known in early April, will be chosen for the congress.

The SKP has a little over 50,000 members, who operate in 17 district organizations. "Reformists" will be going to Culture House from nine of these and "Stalinists" from eight of them.

From 22 to 24 May the district organization representatives will choose a party central committee which in turn will choose the party leaders.

Since the SKP was split during the 15th Party Congress in 1969, congresses have been held like deferred meetings. Votes have not been necessary, congress delegates have remained on the sidelines and business has been conducted in the Central Committee.

Delegates have merely been allowed to freely applaud.

"In a Better Direction"

In Sinisalo's opinion, party affairs are moving in a better direction at a good clip.

"This is demonstrated by the vigorous debate. Of course, many different kinds of things have been emphasized, but now we dare to very critically appraise the phase we have left behind us. This is giving rise to a new situation: Inflexible positions are crumbling.

"My optimism is based on this."

As an example, Sinisalo mentioned criticism of government policy. According to him, it does not follow the traditional majority and minority faction lines; rather criticism is directed from all party factions.

The handling of the press issue has also given rise to new dimensions. The SKP's biggest district organization, the Lapland district which is controlled by the majority faction, has proposed that TIEDONANTAJA be the chief party organ.

"I feel that the Lapland district's decision is a fine one. The SKP is probably the only communist party in the world that does not have its own chief organ.

"The dispute over the name is quite immaterial. The name of the newspaper could just as well be KANSAN UUTISST; the decisive factors are the content and how the editing is handled."

According to Sinisalo, however, the press issue constitutes a more comprehensive whole. Decisions cannot only be made concerning KANSAN UUTISST and TIEDONANTAJA, but must be extended to cover the district press network as well.



## "Rules Must Be Respected at Meetings"

Let us get back to the party congress again. When will the SKP begin to implement democratic procedural rules in its own party?

"The rules have not been observed in the reaching of congress decisions. Congresses have not been conducted contrary to the rules.

"And I maintain that, as far as special congresses are concerned, since 1970 the party has been organized more democratically than any other party in this country."

Why is there no voting at congresses?

"Why vote if we can agree not to beforehand? A congress is held at the request of the district organizations. Matters are agreed on in them beforehand.

"The Central Committee has sent no orders to the field. Those who have been chosen have not been Central Committee candidates."

Will you go on as a party leader?

"I have no thoughts about my own position at all. I have been the Kymi district organization's representative on the Central Committee. The future has been neither decided nor discussed."

## "Cooperation with the Government Most Problematic"

How did you react to the "toss-him-out" article?

"I naturally read some of the statements with a feeling of depression and some with a more cheerful reaction.

"All told, there is no SKP majority faction that would exclude us from the party. I'm quite sure of that."

According to Sinisalo, party unity must be achieved through unity of ideological, organizational and political functions.

"Cooperation with the government is most problematic. I would like to say in no uncertain terms that the government's policy has failed. It does not conform to the party line nor to the interests of the workers.

"In connection with this process a reappraisal of the party is in order. This does not mean that in the final analysis there would be winners and losers. We have to jointly look for the reasons that have led to the present situation.

"It has been said that the Communists are prisoners of the Social Democrats in the government. To a certain extent this is true.

"But actually, within Finnish society the situation is such that the Social Democrats are prisoners of the Communists. This merely implies that we pursue a policy

of gaining the support of the broad masses and of stimulating them to act. The alternative of democratic cooperation, through which we pursue a policy of opposition to the monopolies, is also based on this."

Sinisalo said that, while he was not in principle against participation in the government, in his opinion one should not be a hostage of others in the government either, rather one should participate on one's own terms.

"We should influence the government, not just trail along behind it like a worm."

Will not these new ideas require new leaders?

"Well, it sometimes happens that a man can change his mind..."

#### Open Congress Worries 'Stalinists'

Helsinki HELSINGIN SANOMAT in Finnish 22 Feb 81 p 17

[Article by Anneli Sundberg: "Power Shaky in SKP"]

[Text] Communists' 19th Congress will be in May.  
"Stalinist majority faction protection hangs in the balance  
because representatives will be allowed to vote this time.

A reform in their own party is the only revolution Finnish Communists may be contemplating at this time. For the first time in years SKP leaders intend to abandon the practice of choosing themselves to continue in office. "Reformists" on the SKP Central Committee have decided that the 19th Party Congress may freely reform party organs run by salaried officials. No binding prior agreements will be made with the "Stalinists." Everyone will even be allowed to vote.

"I would naturally prefer for us to achieve unanimity in the choice of people. Decisions arrived at by voting may be felt to be discriminating. They leave a bad taste in the mouth. While we will make no prior agreements that would bind our hands, we will discuss and negotiate the choice of people throughout the spring. One must not get the impression that the congress will convene in a state of pure anarchy." (SKP chairman Aarne Saarinen)

"I know of no faction that might have an alternative which the current leaders would refuse to consider. The SKP's problems will scarcely be solved by a change of leadership." (SKP vice chairman Taisto Sinisalo)

"To avoid disappointment, there is no point in building up and expecting too much of the May congress. It is, after all, just a party congress." (Saarinen)

"The farther away I am from Sturenkatu, the higher are my hopes for party solidarity." (Sinisalo)

SKP party headquarters is on Sturenkatu in Helsinki. The red brick Culture House designed by Alvar Aalto is also the traditional stage for SKP congresses, where from 22 to 24 May over 500 Communists, the organizational elite of the SKP, from different parts of the country will meet.

## Elections

Delegate elections will be conducted in the districts between 15 March and 5 April on the basis of a majority vote, which will weed out the weak candidates and prevent changes in the balance of power. [Delegates] from nine "reformist" district organizations and from eight "Stalinist" organizations will be going to Culture House. There will be slightly more Congress delegates than a year ago, when the "reformists" elected 278 and the "Stalinists" 215.

The "reformist" program, whereby both majority and minority faction seats would be left open to be filled at the congress, is opposed in the "Stalinist" camp. The "Stalinists" suspect that the "reformists" are scheming to crush them behind the mask of the party democrats. The party was nearly split in 1969 in the same kind of situation when differences climaxed with the "Stalinists" marching out [of the congress]. To avoid an open split, an agreement was reached which in practice meant that the leaders who had convened negotiated the choice of candidates among themselves and had them approved by the congress.

The "reformists" feel that resorting to the old method would irritate Communists, who now have had a taste of free discussion, too much. The result could be that party leaders might involuntarily accelerate the growth of new groupings, create more factions.

"Members are so fed up with the situation that there will certainly be considerable changes in the party leadership," chairman Saarinen predicted.

The SKP congress will hardly reject his services. The SKP is lacking in Vayrynen adherents who dare and want to openly oppose Saarinen.

Both domestic and foreign communists support Saarinen. For the NKP he is a guarantee of the SKP's safe line.

Not even Saarinen's own request has gotten party members to decisively enough look for a successor. Saarinen was forced to retract his retirement announcement. Some leading "Stalinists" view Saarinen's retraction with suspicion. They are afraid Saarinen may be preparing an unpleasant surprise, withdrawing from the race right on the eve of the congress. The "Stalinists" have now begun to believe that changes of party leadership and the party secretary in May are unlikely. The "reformist" party apparatus has the same feeling.

There will be no shortage of matters to be cleaned up during the congress, although Saarinen, Sinisalo, vice chairman Olavi Hanninen and chief secretary and minister Arvo Aalto will be spared due to the lack of strong alternatives.

## Salaried Officials

During the forced agreement years, the factions sought refuge in veteran party officials when choosing Central Committee members. Now they want to get rid of them. There are 11 salaried party officials or the equivalent on the Political Bureau. Four of them receive their pay from other institutions: Saarinen and minority member Seppo Toiviainen from Parliament, Hanninen from the Finnish Confederation of Trade Unions (SAK) and Anna-Liisa Hyvonen from the city of Helsinki.

The majority junta of party officials consists of Aalto, acting chief secretary Erkki Kivimäki, information chief Oiva Björkbacka, cultural secretary Erkki Rautee, KANSAN UUTISEN chief editor Erkki Kauppi and the party's man in charge of international affairs, Olavi Poikolainen.

Minority faction party officials on the Political Bureau are Sinisalo, Uusimaa district secretary Markus Kainulainen, TIEDONANTAJA chief editor Urho Jokinen, agriculture secretary Oiva Lehto and the "Stalinist" man in charge of trade-union affairs, Hannu Vuorio.

With the exception of a few major posts, the "Stalinists" have lost the race in Vuorio's bailiwick. In the near future the Social Democrats will probably take over their only trade union, the Rubber and Leather Workers Union.

Party "reformists" have made out in the trade-union movement with fewer losses than the minority faction, but in the universities majority-faction Stalinism, a system of intolerant cliques, is just as badly headed in the wrong direction as the narrowest kind of "Stalinism."

The SKP has not managed to get close to its officials nearly as quickly as it has lost support among workers. A liberal people's party could very well be sustained with those worker votes which in the 1960's and 1970's rejected the SKP.

#### Support

In 1966, which year we may consider to have marked the beginning of the open split among the Communists, the SKP got 21.2 percent of the vote in the parliamentary elections, 4 years later 16.6 percent. This was enough to shock the Communists out of the government.

The support curve began to turn downwards.

In the municipal elections held last fall, it dropped to the 1970 level and the "reformists" were forced to awaken from their government narcosis and admit that the public had graded them poorly on their government policy.

Since their election defeat, "reformist" leaders have explained to their own people, the "Stalinists," now strengthened in their spirit of opposition, their partners in the government and to outsiders that it would be a cheap tactic, desertion at the front, to leave the government at a time when the society is moving towards conservatism and in the midst of wage negotiations.

In wage-policy disputes, government partners may, however, go beyond the limits of what they will tolerate from one another and the gap will inevitably widen. The fact that the "reformists" are freed from the yoke of government will hardly prevent a clash at the congress. Government policy, the extent to which it is pursued and its effects on the revolutionary party's line and image have been argued over too long for the congress to be capable of contenting itself with an unenforceable decision.

The only major political issue over which "reformists" and "Stalinists" have so far not succeeded in dividing themselves is the 1984 presidential election. Hardly



anything else can be done about the problem at the SDP congress but to touch on it. The new Central Committee will have the power to decide on the party's presidential candidate. The SKP congress will not go into the question of potential candidates.

"The ill-timed, nervous presidential contest, which is at the present time complicating the surface image of the current political situation, is certainly somewhat indiscreet, although it would not bother a president who has good nerves. In any event, one thing is certain: Sooner or later — not necessarily in 1984 — the country will have some other president.

"The future president's prestige (in internal policy) will under no circumstances be as great as Kekkonen's."

These views on the presidential issue are from Taisto Sinisalo's book, "The Answer Is a Leftist Policy" (Kursiivi Oy), edited by Juhani Ruotsalo. In the book Sinisalo stressed the importance of the future president's foreign policy credibility. In his opinion, the current prime minister has offered no proof of his capability in the field of foreign policy.

"And it is in just this field that Finland cannot afford to pursue a low-profile policy."

Chairman Aarne Saarinen, who shortly before the municipal elections accused Prime Minister Mauno Koivisto (Social Democrat) of being a Gallup president, is undoubtedly prepared to agree with Sinisalo's judgment. Saarinen also agrees with Sinisalo that a change of president will not yet be inevitable in 1984 if Urho Kekkonen is capable of continuing in office.

Saarinen has been reprimanded by the Political Bureau for his participation in the presidential issue. He should have said that Koivisto is a workers' man and that the Communists in principle prefer a workers' man to a bourgeois. The Political Bureau felt that in practice Koivisto, the workers' man, is unsuitable, but that this should have been left unsaid before the elections.

[Article by Jorma Korhonen: "Northern Communists: Helsinki Junta of Officials Must Be Crushed"]

[Text] The debate over the SKP situation has begun in the SKDL and SKP's northern districts and is being conducted chiefly in the Oulu KANSAN TAHTO.

It is estimated that those from the northern districts who take a stance will so shape those internal ones who take a stance on the SKP majority line that the objective of change supported and promoted by the north will be achieved at the 19th Party Congress in May.

Changes in personnel at the top of the SKP are a necessary precondition to the development of party unity. All Communists are beginning to agree that this is so.

The party rank and file condemn the majority leaders' policy for being wishy-washy and the leaders for being without a policy.

The first criticisms and demands directed against these officials appeared in KANSAN TAHTO. In that newspaper, they began to talk about changing officials, of specific terms of office and finally of responsibility for achieving results. The officials were criticized for being badly trained, which is evident from their mental sluggishness and organizational ineffectiveness.

Nervousness has already increased in the party machine because of these critical opinions and now that these critical demands have changed into procedural initiatives for the congress to act on, there is all the more uneasiness.

Many feel that the collapse of the officials' power is indispensable, both to increase support for the party and from the standpoint of achieving solidarity.

The widely-held belief that only a small number of the party's Political Bureau — Politburo — members can be party officials would elevate to this organ which handles SKP policy rank and file, trade-union members and the intelligentsia.

The more conciliatory faction of the minority has plenty of candidates to offer the Political Bureau, but many of them are waiting for the situation to ripen.

#### Aitamurto

Born in Oulu, Aarno Aitamurto, the stern, hard-working chairman of the Construction Workers Union, is a strong contender for the party's lead spot. He has refused to assume Saarinen's position, but has not publicly refused to perform other leadership chores. In the judgment of many, Aitamurto should be given the job of chief party secretary.

Aitamurto is no born leader, but he is known as a strict organizer "and so he could be the man who is capable of starting up the SKP's paralyzed party machine," his supporters feel.

Starting up the machine would mean tossing out "the loafers who have settled down in Culture House," as southern Communists, who are also fed up with the rule of the officials, express themselves. The result is that many majority and minority officials are against a change.

For the "Stalinists" the leadership problem is not as big as it is for the majority faction. In place of Sinisalo they can offer that cooperation-seeking doctor and parliamentary representative, Seppo Toiviainen, whose position has recently become much stronger. Toiviainen has openly refused to run against Sinisalo — just as Aitamurto does openly not aspire to compete with Saarinen or Aalto.

In the majority Communists' sky their star is falling, aside from chairman Aarne Saarinen's also those of vice chairman Olavi Hanninen, chief secretary Arvo Aalto, acting chief secretary Erkki Kivimäki and information chief Oiva Björkbacka, who for all that is groping for the vice chairman's seat.

Assistant city manager Anna-Liisa Hyvönen and cultural secretary Erkki Tautee, who is voluntarily leaving a bleak political job, may give up their posts in the Political Bureau.

Chairman Saarinen is burdened with age, isolation and separation from the rank and file. Critics are also averse to his "zeal to be a statesman."

Olavi Hanninen has lost his credibility and support because of his "faceless" performance in the SAK. He is described as a great speaker, one whose words and deeds blatantly contradict one another.

Because he allowed himself to be enticed into becoming a minister, Arvo Aalto, long regarded as the heir to the throne, has also lost his support in the north where his constituency is.

Aalto no longer has any interest in his duties as party chief secretary, but it is believed that he would be ready to assume firm control of the party. Arvo Aalto is credited with an enormous capacity for work, the patience of an elephant and hard-headedness. His drawbacks are rather cool relations with the NKP, among others. Aside from this, they do not believe they can achieve solidarity under Aalto's leadership since the minority faction both fears and hates him.

SKP acting chief secretary Erkki Kivimäki is a long-term party man who is not really going to change jobs at all. They say that he has trained himself to be a virtuoso at talking for hours on end without saying a single thing, much less taking some sort of firm stand.

Information chief Oiva Björkbacka, who is trying for the chairmanship, is not getting much support from the rank and file. So he, no more than any other official on the fifth floor of Helsinki's Culture House, is not right now fighting over the distribution of the existing party leaders' posts.

#### Minority Faction

The SKP minority faction leadership trio: Taisto Sinisalo, Markus Kainulainen and Urho Jokinen, are losing ground through their inflexibility and unwillingness to make any changes. Within the minority faction too, people are giving a great deal of thought to changing leaders.

During the 15-year SAK dispute, Taisto Sinisalo has come to personify so many encumbrances that no one seriously believes that solidarity can be achieved if Saarinen and Sinisalo continue to head the party together.

We can just guess how readily Sinisalo will give up his power. Among his supporters Sinisalo's reputation has fallen, an affirmation of the fact that he secures his power with the support of relatives and friends. In the majority faction they regard the book that has just been published under Sinisalo's name as an attempt to patch up his reputation.

Markus Kainulainen, who like Sinisalo was dropped from Parliament in the last elections, has over the past few years striven to talk a lot about communist ideology and theory, but despite this he is seldom regarded as a deep thinker. Especially when moving about on the other side of the eastern border, Kainulainen gives vent to a sharp tongue with reference to majority faction members. In his obsolescent genuine communist slang, Saarinen is referred to as a revisionist traitor to the

party, sometimes as a fascist. He has a particularly great aversion to Olavi Hanninen, who at an earlier time had edged Kainulainen out of the leadership of the Communist Youth League.

Because of his tough-talking approach, Kainulainen is compared with Tampere district secretary Esko Malmberg who, according to what his fellow officials say, gets up every time the chief comes into the room.

At the top of the minority faction, TIEDONANTAJA chief editor Urho Jokinen represents Turku-style abruptness. According to the plans of the former SKP duumvirate composed of Aimo Aaltonen and Ville Pessi, when a breach in the party split was made at the 14th Party Congress, Jokinen was to assume the post of chief secretary, but the power slipped into other hands.

For this reason Jokinen is regarded as wanting to keep the party the way it is. After all a leading political ideologist's reputation is better in his own faction than occupying an insignificant position in a party that is becoming more unified.

In the minority faction, former vice chairman Oiva Lehto, a graying veteran, is retiring. Retaining permanent control by party heads over the post held by Hannu Vuorio, who handles minority-faction trade-union policy, has proven to be difficult.

The behind-the-scenes efforts of hard-boiled professional politicians and organizational difficulties throw into confusion Communist rank-and-file and majority-faction plans for the preparation of the congress and for the congress itself. Jokinen and Kainulainen are ramming minority-faction "Stalinists" and Sturenkatu Stalinists into the congress.

#### Aalto Comments on Resignation

Helsinki HELSINGIN SANOMAT in Finnish 21 Mar 61 p 7

[Article by Arto Astikainen: "Aalto's Opinion of the Koivisto Administration: The Administration Has Just Lollled About"]

[Text] "The Sorsa administration was troublesome, but then we made every single significant political decision together. When the Koivisto administration arrived on the scene, the national situation was different and then we lolled about."

This is the way SKP chief secretary Arvo Aalto, 48, who resigned from the Mauno Koivisto (Social Democrat) administration and his labor minister duties on Friday, described his terms as a minister in two administrations.

Arvo Aalto's ministerial career, which lasted 1,405 days or nearly 4 years, came to an end on Friday at 1109 hours. At that time President Kekkonen, 80, gave his approval in the Council of State for the change of Koivisto administration labor minister.

Arvo Aalto left at his own request to go back to being the SKP chief secretary and Housing Administration funding director Jouko Kajanoja (Communist), 38, was appointed the new labor minister.



"How do you feel now?" Kekkonen asked Aalto after his decision to resign. "As though my life were lighter," Aalto replied. "You must be mistaken," Kekkonen retorted and shook hands with Aalto. There has never been an odder labor minister resignation ceremony.

His ministerial colleagues remembered their departing associate by noisily singing a passage from a song under the baton of Interior Minister Eino Uusitalo (Center Party): "The people have suffered cold and hunger..."

Prime Minister Koivisto told us he was sorry about Aalto's resignation. "In my opinion the government will be weakened when Aalto leaves," Koivisto said.

Nor did Aalto want to engage in criticism of his government associates on Friday, although he did accuse the Koivisto Council of State of lolling about.

"I will not sling mud at this bunch." In Aalto's opinion, the government's "lolling about" was due rather to the situation than to individuals. There were no external pressures on the government.

At least Aalto's resignation made the Finnish Rural Party (SMP) happy. The SMP parliamentary group asserted that the demands the party had for years presented for the labor minister's removal had finally borne fruit.

#### 1,000 Less Unemployed

Chief secretary Arvo Aalto became labor minister during Sorsa's second administration in May 1977. There were then 124,247 unemployed in the country. When Aalto gave up the labor minister portfolio in Koivisto's second administration on Friday, there were 1,000 less, or 123,257, unemployed.

However, Aalto figures the reduction in the number of unemployed otherwise. "During the past 4 years jobs have been arranged for 90,000 unemployed in this country. It was something to be happy about in my term of office as a minister," Aalto said. His calculations are based on the average annual figures on unemployed.

Although Aalto was unable to eliminate unemployment in the country, unemployment affairs director Aalto achieved much more than that: During Aalto's term the Labor Ministry was swelled by 500 employees and officials. While Aalto began with an 1,800-employee machine, Kajanoja will get to command 2,300 employees on Monday.

"Most distressing is the fact that the public has begun to get used to mass unemployment. I was shocked when the SAK did not tell its rank and file that something ought to be done to cut down unemployment in terms of wage agreements," Aalto said.

"I would have postponed my resignation a week or two if I had known that SDP leaders were going to take action on the government issue involving the Pekkanen agreement," Aalto said.

However, in the SKP they managed to reach a decision on Aalto's resignation before the Social Democrats' plans became known. The Communists presumed that the government would go on with its proceedings.



Aalto did not venture to predict what would happen to the government during next week's negotiations. He reiterated the Communists' announcement that the SKDL cannot approve the Pekkanen settlement as it now is, as Koivisto is demanding of them, because the daily expense allowance provision is "so rottenly unsocial."

"Anything at all is enough to bring down the government if a prestige issue is made of it." In Aalto's opinion, whether Koivisto accepts or rejects the proposal, agreement can be reached if the social expense allowance situation is remedied. Not much money is needed to do so.

"If the to-do over the matter spreads, others aside from the Communists will draw their political conclusions as to the government," Aalto said.

Aalto insisted that there was no other reason for his resignation than the one announced by the SKP: Aalto is needed to help prepare for the SKP party congress.

Aalto promised that the SKP would elect new leaders at the party congress in May. However, the chairmen and chief secretary are not on the replacement list. Thus changes are being considered only within the Politburo and the Central Committee.

Preparing for the party congress is not just a ruse to Aalto. He has no intention of going back to his job as a minister in the Koivisto government after the party congress if the government in the near future undergoes a miraculous regeneration and continues its activities.

#### SKDL Uninformed of Resignation

Helsinki HELSINGIN SANOMAT in Finnish 21 Mar 81 p 7

[Article: "SKP's Independent Action Angers SKDL"]

[Text] The SKP Political Bureau's decision to replace Arvo Aalto with Housing Administration funding director Jouko Kananoja as labor minister has angered the SKDL parliamentary group and the coalition government.

The SKDL parliamentary representatives and several coalition government members are annoyed over the fact that the SKP made the affair public without giving these government bodies an opportunity to call a meeting to give their blessing to the SKP Political Bureau's decisions.

Wednesday morning the SKP Political Bureau decided to remove Aalto from the government and return him to his post as chief secretary of the party. The Political bureau simultaneously announced its decision to have funding director Kananoja follow Aalto as labor minister.

According to SKDL rules, the SKP Political bureau, SKDL parliamentary group and coalition government decide on its representation in the government at a joint meeting. But this time they were in such a hurry that they only managed to inform SKDL members of the coalition government of the decision by telephone.

The SKP's way of handling the matter was criticized at meetings of both the SKDL parliamentary group and the coalition government. However, a proposal made in

the SKDL coalition government to send a letter of reprimand to the SKDL's member organization, the SKP, was not adopted.

#### MP: Aalto Forced Out

Helsinki HELSINGIN SANOMAT in Finnish 22 Mar 81 p 6

[Text] Pressure from the rank and file also influenced chief secretary Arvo Aalto's departure from the government. Member of Parliament Niilo Koskenniemi (Communist) has admitted this. According to the Communists' official statement, Aalto left to prepare for the party's coming congress.

According to Koskenniemi, who spoke at an SKDL Lapland District Committee meeting on Saturday, the SKDL withdrew Aalto from the government "partly due to demands from Lapland."

According to what people in Communist circles say, just a little before the SKDL decided to switch ministers Aalto had been making a lot of noise in the Lapland departments.

Koskenniemi demanded changes of officeholders at the head of the party and among staff personnel. "If such changes are not made, people will not be satisfied with the party either," Koskenniemi said.

Speaking of the government situation, Koskenniemi said that the government seems to be rotting away on its feet. In his opinion, the same is also true of the Social Democrats.

"Koivisto is an incompetent prime minister. But due to well-known plans for the presidential race, he is trying to keep the government on its feet," Koskenniemi feels.

#### Saarto Was Hoping for Government Accord

Transportation Minister Veikko Saarto (Communist) thinks it strange that a special announcement on the approval of the Pekkanen wage agreement is now being demanded of the government when the government, headed by Mauno Koivisto, has itself just by far exceeded the conditions proposed by Pekkanen. Saarto, who spoke in Espoo Saturday, said that Pekkanen's proposal was exceeded by hundreds of millions of marks during government contract negotiations.

Saarto wondered why the proposal could not be revised by a few tens of millions of marks to include a health care coverage proposal. According to Saarto, the State Labor Market Institute has received from Koivisto the authority to clearly exceed the terms of the Pekkanen solution as far as government personnel are concerned.

According to Saarto, taking everything into consideration, we are now in a situation in which the government has gone beyond the Pekkanen solution and can no longer ask itself whether it has any comments to make on the Pekkanen proposal.

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## NON-SOCIALISTS, CP STILL PONDERING PRESIDENT RACE MOVES

Helsinki HUFVUDSTADSBLADET in Swedish 7 Feb 81 p 14

[Article by Erik Appel: "The Ideal Match Which Will Not Take Place? Koivisto-Virolainen in the Ring for President"]

[Text] On 1 March 25 years ago Urho Kekkonen took over the rudder of the Finnish ship of state. When his present mandate expires in 1984 he will have "reigned" for 28 years. Most are beginning to believe that we should look forward to a change of presidents, and normal elections. But who will be the main contenders, and what will it be like not to have "Papa's hand to hold"? Here Erik Appel gives a sort of final vignette in the series of interviews with party leaders and others who have helped HUFVUDSTADSBLADET to describe the situation and look ahead to 1984. The article is also based on conversations with politicians and other observers outside the crowded political ring.

It is fantastic to think that when--and if--we elect a successor to Urho Kekkonen there will then be an entire generation which has not experienced any other president, and has not experienced a single presidential election in the normal sense. Perhaps you remember the story about the student who wrote that the president of the Republic of Finland is Urho Kaleva Kekkonen, who is re-elected every sixth year. The year 1984 will be an unusual year, an unusual experience, and therefore it is not remarkable that people are already speculating, and some are also concerned about the unusual situation which has arisen.

And yet it is normal that the subject should be discussed now. Kekkonen will have reigned for 28 years in 1984, and is himself 83 years old.

It would therefore be of more concern if an open and factual discussion could not now take place.

There are those who, for different reasons, would like the discussion to stop, but one wonders if the reasons publicly given are the real motives. The real reasons could be something else, such as that there is a lack of suitable candidates.

## Virolainen's Popularity Grows

Anyone wanting to enter the presidential race will not get past Mauno Koivisto. This is due to his great popularity, which is largely the reason why the Center Party will not now fight in the open.

Because it was thought desirable that our next president should have as broad support as possible, "Manu" is now unbeatable, especially as the Center Party has banished Johannes Virolainen.

If the situation were normal, the opponents would probably today be Mauno Koivisto and Johannes Virolainen, and that would be a fascinating situation.

Because the more the Center Party kicks Virolainen in the head, the more popular he becomes.

But can one imagine a situation with Koivisto and Virolainen as opponents? I will now simplify the situation by disregarding Virolainen's difficulties within his own party, and discuss the question from a more general standpoint.

Naturally the first thing one thinks about is foreign policy, with special emphasis on relations to the east.

## Russian Cautiousness

Neither Virolainen nor Koivisto are at the top of Moscow's preference list. If one asks our taistoists [followers of Taisto Sinisalo], for example, who are believed to be better informed about how the winds are blowing in Moscow than the majority of communists, they say that Ahti Karjalainen is by no means out of the race for president, although he obviously no longer has the support of the majority of communists.

"Read Pravda," say the taistoists, "and it is obvious that Karjalainen is perhaps Moscow's greatest favorite. And the Russians are of course at liberty to have a favorite."

(Next on the preference list, according to political analysts, are Social Democratic Party Chairman Kalevi Sorsa and Valmet chief Olavi Mattila.)

But that does not mean that they are ready actively to support him, which of course would mean involvement in our internal affairs.

One can therefore assume that the Soviets are going to act very carefully in the new situation, and avoid betting on the wrong horse, so to speak, or maneuver themselves into a prestige situation. Conversely, one can say that it is up to us not to open the doors to such a situation.

With regard to the broad agreement which we now have on our foreign policy, one can expect that the Soviet limit of tolerance is quite high. And even if as realists we naturally must always have a special sensitivity for signals from the east, at the same time we should not restrict our freedom of movement.



## "The Finnish Paradox"

Then of course there is another thing, that the new president must have a nose for foreign policy, knowledge of and a feeling for our special situation, its limits and its possibilities; "the Finnish paradox," to quote President Kekkonen.

It can be briefly stated as follows: The better the relations with the Soviets, the greater the mobility toward the west, and vice versa. Or using the words of Max Jakobson (Veteen piirretty viiva) one could say that Finland's situation is unique inasmuch as we are a western democracy within the Soviet sphere of interest.

That gives our neutrality policy a special dimension. Therefore changes in the international climate always have consequences for us. A sharpening of the international situation easily leads to a generally harder line in Soviet foreign policy, and it also affects us in some way, in spite of the recognized mutually trusting relations.

For example, one can advance the theory that our recent and for special reasons discussed neutrality formula in the message from former Prime Minister Ahti Karjalainen's visit to the Soviet Union in 1971 was related to a similar sharpening (using Jakobson's terminology, an increase of "Molotov tendencies"), caused perhaps primarily by the crisis in Czechoslovakia.

### Permanent Tradition

Also one can say, with Ahti Karjalainen, that one of the most interesting questions in the long view is what the generation change, which must come sooner or later in the Soviet leadership, will bring with it.

But the situation is now different from that of the 1940's and 50's, when Finland had a hard struggle adapting itself to the situation after World War II, to find its place as a neutral country, and to attain recognition and credibility for that place.

Today we have a permanent tradition to fall back on, we are so to speak adapted. And regardless of who takes over after Kekkonen, we will still not have a president of his caliber for a long time. The new president will be considerably more dependent on the government and the foreign ministry. Which also means a return to normal conditions.

### Confusion on Home Ground

But back to the home ground. Here the situation is as confused as it can be. One is justified in saying that the heart of this confusion is the Center Party.

The confusion spreads from there to the entire bourgeois field, and has also reached the communists.

There is no combining force, no certain candidate. Perhaps Johannes Virolainen could fight for the candidacy within the Center Party in spite of the denunciations from Ekudden. But he would perhaps still be a more divisive than combining force.



A stumbling block is also being placed in Karjalainen's path. But the question is whether Karjalainen has disqualified himself on home ground.

Journalists creep timidly around the issue, but journalist Seppo Heikki Salonen, in SUOMEN SOSIALIDEMOKRAATTI says exactly what the matter is: Karjalainen's alcohol problem. If that is not so, it must be denied.

It is his lifestyle which causes Saarinen and company to leave him, explains Salonen, and refers directly to Karjalainen's behavior during the president's last visit to the Soviet Union. This is Saarinen's own motivation, claims Salonen.

The trap door is therefore opening for Karjalainen, even if he himself denies the incidents which are attributed to him. Or as Arvo Salo said in SUOMEN SOSIAL-DEMOKRAATTI: A new phase has begun in the inheriting of the throne. The table must be cleared of those who have sat there too long, and especially of those who have slept at it.

It is a personal tragedy which leaves the Center Party without a strong name.

Vacuum

It is against the background of this situation that the talk about reelection or lengthening of Kekkonen's mandate should be seen. We either have, or do not have, someone who can take up the fight with Mauno Koivisto.

Mainly it is that a large vacuum has been created around Kekkonen. The generation just below him has been busy trapping each other, and now there will soon be only "grandchildren" remaining, such as Paavo Vayrynen and Ulf Sundqvist. And Finland's people do not have full confidence in them just yet.

The Center Party is seriously divided on this question, and is in a way paternally tied. The Conservative Party is waiting to see what the Center Party does, since it has no noteworthy candidate of its own--at least not yet--and does not want to bet on the wrong horse.

In this situation both parties are glancing at Ekudden, and waiting for an encouraging word. But it is slow in coming.

The majority of communists are doing the same, because their situation is just as difficult, if not more so. Aarne Saarinen "executed" Mauno Koivisto in this newspaper last fall, and later turned thumbs down, certainly more cautiously, on Karjalainen in SUOMEN SOSIALDEMOKRAATTI.

Saarinen Looks for Someone in the Middle

The former is all right in the eyes of the taistoists, even if there are party decisions that the presidential question is to be buried until after the party congress in the spring.

But the denial of Karjalainen was a graver mistake, and then Taisto Sinisalo jumped up. Before that Karjalainen had always had the support of the taistoists.

Saarinen's dilemma is now to find someone in the middle upon whom the party can agree. That can perhaps explain the unexplainable in his recent actions.

"J-men"

Arvo Salo notes in his diary that the shortage of candidates in the Center and Conservative Parties has created a vacuum.

In that vacuum Arvo Salo is now bringing in what he calls the J-men. They are Max Jakobson, former UN ambassador and now chief of the commercial delegation and a ranking foreign policy expert, the chief editor of this newspaper Jan-Magnus Jansson, and Archbishop Mikko Juva.

With Salo one can suggest that Jakobson is not interested. He has obviously no ambitions in that direction. But still that does not prevent him from playing an important role in the presidential race.

Jan-Magnus Jansson, according to political analysts, is not a vote getter in an election campaign such as Koivisto or Virolainen would be, but he clearly is a political force for unity. He could be elected by something called cloakroom politics.

Whether or not he is interested will decide the matter.

Mikko Juva has long been away from politics, but he undeniably has a certain statesmanlike background.

But the J-men nevertheless offer a solution to reach for when the presidential race becomes stuck in the political marsh.

It is interesting that Salo never mentions Koivisto.

There naturally will never be any place for social democrats. So why not a J-man for a while? he writes.

Have the social democrats given up hope before the fight is even begun?

How Will the Voters React?

The behavior of the voters has changed in 25 years. How much and in what direction we do not know. But indications are that party disloyalty is not going to be so great as the parties perhaps hope, and furthermore it is realized that the party structures have changed; the communists are not going to be able to hold the balance of power as they did in 1956.

Then the Center and Communist Parties together had nearly half of the voters, now perhaps they will have one-third.

We can also expect that the Conservative Party will not get 20 percent of the votes if it does not have a credible candidate, which Harri Holkeri can hardly be seen as.

Mayor Raimo Ilaskivi, however, is said to be waiting in the wings, and that is something.

The myth that the communists elect Finland's president can probably be written off, but I do not believe that the conservatives will elect him either.

Instead it should of course be seen that Finland's people do it.

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## EAST-WEST COOPERATION, DETENTE, SECURITY DISCUSSED

Paris DEFENSE NATIONALE in French Mar 81 pp 107-119

[Article by economist Yves Laulan]

[Text] Doesn't industrial and economic cooperation with the East offer more disadvantages than advantages, and will it not nurture the military potential of the Soviet Union? This is the question Mr Laulan poses in this article, reaching the conclusion that it is necessary to raise the issue of this East-West cooperation again in the near future, for basically political reasons, since such relations can survive to the extent that they correspond to an economic need. These considerations are dealt with and developed in a work by Mr Laulan entitled "The Trick," which Editions Lattes has just published, in which he generalizes this complex problem of the relation between defense and security for economic relations as a whole.

Economic trade between the East and the West, in the broadest sense of the term, that is to say including not only trade, but also technological transfers and industrial cooperation, was conceived from the beginning as a contribution to detente, but also as one of its most authentic manifestations. In other words, its strengthening developed as one of the results of the relaxation of tension between the two blocs. But on the other hand, trade was also regarded as a powerful means of raising detente to a higher level. In brief, this cooperation, in the course of the 1960s and even more so at the beginning of the 1970s, was invested with a strong ideological content, sometimes professed in a messianic fashion, in which trade was described as a vehicle of freedom.

With the retreat, it is evident that the hopes placed in the virtues of East-West economic cooperation have only met the expectations of its enthusiasts very imperfectly. On the level of political relations, it is obvious that the period following Helsinki was marked by a certain ebb in detente. Thus at the beginning of the 1980s, with the drastic change in the world political-strategic context and multiplication of international crises, it is important to examine whether the time has come to cast a new look on East-West cooperation, less perhaps from the point of view of content than its motivations and modalities.

#### I. Cooperation and Security: An Ambiguous Pair

It was no accident that the Helsinki conference, which marked the culmination of the efforts to bring about a rapprochement between East and West, included three "baskets," economic, political and military. Moreover, the final document of the conference explicitly set forth the goals sought explicitly:

"The participating nations, persuaded that their efforts to develop cooperation in the realm of trade, industry, science, technology and other sectors of economic activity, are contributing to the strengthening of peace and security in Europe and throughout the world...and recognize that cooperation in these fields will encourage economic and social progress and improvements in living conditions...."

This is not the place to go over in detail all the arguments used on that occasion. One might nonetheless consider three of the main ones. According to a formula sometimes brought into play, "better a fat Russian than a thin one," the first of these held that the raising of the standard of living in the Soviet Union was in itself a factor propitious for detente between East and West. The reasoning here was based on the sensible idea that the more one has to lose, the less one wants to lose it. A second idea frequently mentioned held that it was desirable to create economic solidarity in fact between the two blocs in order to establish interdependence between them. In other words, the multiplication of economic links between the two partners could only make it more difficult to interrupt them. A third concept, finally, was sometimes advanced, by Mr Maurice Schuman, former minister of foreign affairs, among others, concerning the contagious nature of freedom. According to this concept, the liberation of economic trade with the countries in the East was likely to lead, as by contagion, to the spread of liberal notions to the whole social complex.

Thus one can summarize very rapidly the political stake in economic trade between East and West, as it could be defined on the threshold of the last decade.

#### Economic Cooperation: An Ambiguous Balance

It is doubtless too soon, and certainly a delicate matter, to establish an overall assessment of East-West cooperation. It is nonetheless possible to limit ourselves to the observation that on the strictly economic level, trade, after a very marked advance between 1970 and 1975, shows a tendency today to mark time. For example, if the contribution of the Western industrialized countries to the total imports of the USSR advanced from 24 percent in 1970 to 36 percent in 1975, it was to fall back to less than 32 percent in 1978. If we examine East-West trade as a whole, we see a comparable development in the volume of exports from the CEMA countries to the Western nations. After a strong advance with a rate of 21 percent in 1972 and again in 1973, a decline of 12 percent occurred in 1974, followed by much more moderate rates of advance subsequently of about 6 or 7 percent, and only 1 percent in 1977. Imports show a similar trend.

The general picture is thus clear. There was a substantial advance, probably due to political motives, in the first half of the decade between 1970 and 1980, culminating in about 1975, followed subsequently by a decline. How can this development be explained? Two types of explanation can be envisaged.

On the economic level, one must ask if the advocates of East-West cooperation did not somewhat underestimate the obstacles of an economic sort in the way of an upsurge in trade.

First of all, it is clear that in practice, trade is limited, for example, by the restrictions on the potential of the USSR, which has little to offer other than raw materials and semifinished products, or the potential of other countries in the East which can only offer in trade products based on the use of inexpensive manpower.



It is a fact, as experience within the Common Market and that in transatlantic trade shows, that finished and technically advanced products are traded for other finished products of equivalent quality. Now the difference in quality between the East and the West is such that the trade is by nature singularly limited.

Apart from this, it is also necessary to avoid underestimating the importance of the considerable differences dividing the economic systems of the two zones (lack of convertibility in the currencies of the Eastern countries, centralization of the economy, in particular where foreign trade is concerned, etc) and hinder the development of economic relations. Here again, treaty negotiators have, perhaps a bit blithely, ignored this kind of obstacle.

In the final analysis, if one examines the balance for the period, it is obvious that the basic motive force for trade was the very strong progression of credit offered to the Eastern countries, which does not, to speak the truth, represent a very healthy or balanced basis for cooperation.

### Trade and Security

Light should be cast on a factor which has to a considerable extent escaped the advocates of East-West trade. It has to do with the basic ambiguity, from the point of view of security, of the destination of such trade. In other words, since the military sector has always, in the Soviet system, been one of the priority end points for such trade, one is justified in asking if on the other hand Western security has not thus been affected by its development.

Such a process could be explained by the very nature of the Soviet system, within which the military sector has absolute priority. In fact, the Soviet Union traditionally gives priority to heavy industrial investment and defense investment at the expense of consumption, which is the residual element of final demand. We know that the reverse is true in the market economies, where consumption is often treated in priority fashion in relation to other allocations of resources.

Two major consequences result from this difference in treatment. First of all, any increase in the available resources in the USSR provides immediate and priority benefit to the national defense sector. As a corollary, any increase in the available resources is immediately reflected in an alleviation of the pressures exerted on consumption by military requirements. Since they are parts of the same system, these mechanisms function to some extent automatically rather than as a result of decisions.

One can consider in fact that the "Soviet economy produces weapons just as the apple tree produces apples." Thus it is an economy oriented on a priority basis toward the armament effort and military production. In other words, the military-industrial

complex is not an overlay on the economic structures as in the United States: it is an integral part of the system, or better still, it is the system itself.\*

In addition, a second important characteristic is that the industrial structures in the Soviet Union are of an ambivalent sort. In other words, they can produce almost indifferently for the defense sector or for the civilian sector, with an extremely short time lag (unlike the Western economies).

Thirdly, it seems that the defense "establishment" is represented in all of the Soviet economic cells, on the level of the workshop, the factory, the research laboratory, the university, where it spins off in almost automatic fashion all of the best that the Soviet Union produces: the best brains, the best products, the best techniques.

It is this triple characteristic--priority for defense, ambivalence in the industrial sectors and the automatic aspect of the military quota within each economic unit--which confers its inexorable nature on the development of the Soviet military effort.

The analysis of the facts clearly shows that this is the case. For example, throughout the entire period of strengthening detente which preceded the Helsinki conference, it is indicative that the rate of growth in the Soviet military effort, in real terms, never dropped below 4 percent per year, with a slight acceleration to 6 percent in 1976. In the course of these same years, the percentage of the Soviet gross national product allocated for defense remained between 12 and 14 percent. Let us simply recall that it was precisely during this period, the Nixon-Kissinger era, that the American war effort declined in real terms, if indeed the portion of the gross national product going into defense dropped from 6.5 percent to 5 percent (it is at 4.5 percent today).

Once again, one should not interpret the divergence in these lines of development as evidence of Soviet duplicity or American naivete, but simply as the almost mechanical consequence of the method in which the two radically different economic and political systems function.

Be that as it may, one can legitimately presume that when a Western country favors this or that sector of the Soviet economy through the granting of privileged credit or exports arranged under preferential conditions, it is at the same time benefiting the defense sector. It was thus that Mr Alain Besancon, the French historian, could speak of the double defense budget for which the Western nations pay, meaning thereby

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\*In this connection, there is only a seeming paradox in maintaining that the USSR is behaving in almost Ricardian fashion by specializing in the production for which it is best endowed. The astonishing Soviet efficiency in the manufacture of armaments contrasts with the remarkable inefficiency of the industry, and above all the agriculture, of this country. But one could venture that the USSR is limiting itself to exploiting a natural advantage which enables it to maximize its profits. Why attempt to sell automobiles of uncertain quantity when there are so many markets for excellent T 72 tanks or efficient Kalashnikov rifles? Why attempt at great cost to enter into international trade when the simple possession of the leading war machine in the world makes it possible to obtain the best of trade within the CEMA for nothing, and even East-West stakes? There is a certain economic rationality here which cannot fail to strike home.

that in addition to their own military efforts, by means of international cooperation, the Western countries are supporting a part of the Soviet defense effort. Considered from this viewpoint, economic cooperation functions a little bit like a food which nourishes both the patient and his illness.

Without a doubt one should not push reasoning too far. It should be realized that such reasoning would be generally applicable to any economy, whatever it might be, in a period of military priority, for example in a period of rearmament. It is also necessary to add the important qualification that in many cases, such a mechanism only operates indirectly through the pressures exerted on the Soviet consumer. Put in another way, the effect of cooperation is to allow the Soviet Union to have its guns and also, a little butter in addition.

That being the case, it remains somewhat naive to attribute, as some people have, a decisive historic role to the refusal by the American Congress to ratify the proposal by President Nixon in 1972 that the USSR be allowed to benefit from the most-favored-nation clause. The Soviet military choices were in fact made well before that. If it had any influence whatsoever, this refusal by the Senate could only have strengthened an armament effort being pursued in a more or less normal fashion.

Whatever the case, it must indeed be recognized that the facts seem to strengthen this interpretation.

In fact, there is no lack of examples of the use of Western technology for military purposes in the USSR.

For example, American businesses sold equipment worth \$1.5 billion to the Soviets for the building of a truck factory on the Kama. These trucks were to be used for civilian purposes. Certain information indicates that the Red Army used the trucks produced at this plant during the invasion of Afghanistan. Another factory, also built thanks to American equipment, is reported to be producing not only military trucks, but missile launching ramps as well.

In 1978, the Soviets supposedly purchased the patents for the technology being used today for the production of aircraft and vessels used for tracking submarines from an American firm, Litton Industries. The Gorki automobile manufacturing plant, where production is based on electric equipment produced in America and Japan, is reported to be producing civilian trucks and cars today as well as amphibious assault vehicles and military trucks. It seems, moreover, generally speaking, that American electronic equipment has been used for various purposes: guidance of the SS 18 missile, the Backfire strategic bombers, aerial defense networks, etc.

According to other sources, the USSR purchased 140,000 tons of lead to meet needs (powering truck batteries) which were officially civilian but in reality military. It is known that the USSR has the capacity to produce 45,000 tons of titanium. It has stopped its sales of titanium, and we know that this metal is used in the production of submarines, missiles, the construction of nuclear plants and the aeronautics industry. The USSR accounts for a third of the world production of platinum and two-thirds of the world production of palladium. The sale of these metals has also been halted.

Once again, the interpretation of examples should be accompanied by qualifications. The Soviets, for their part, could maintain and not without reason that the oil sold to the West may end up as fuel for tanks or NATO aircraft. But the key to the problem lies in the priorities pursued in the allocation of resources. It is the systematic priority nature of allocations for armaments expenditures in the Soviet Union which makes all of the difference as compared with the system utilized in a market economy. This is the source of the necessarily ambiguous nature of cooperation between East and West.

## II. Cooperation and Security in the 1980s

The future seems likely to be characterized by a certain revival of the issue of East-West cooperation. This development is explained by factual reasons, that is to say the general economic context, but it is also justified by considerations of a political and strategic nature. The Afghan affair, coming after the problem in Tehran, as well as the threat hanging over the Persian Gulf, have obviously modified the general psychological context of East-West relations profoundly.

### The Context: A Slowdown in Growth

In a general way, the economic slowdown in the West and the resurgence of protectionist tensions, already notable for some years now, suggest that a certain subsidence can be expected in world trade. For example, the rate of increase in international trade, which reached 9 percent in 1972 and 12.5 percent in 1973, has vacillated between 4 and 5 percent per year since 1975. This factor alone would suffice to cause a modulation in the progression of East-West trade.

Where transfers of technology and industrial cooperation are concerned, the Soviets seem less interested today in purchases of Western technology. They have in fact become aware that they do not constitute a panacea. Calculations show in fact that Western credit worth one dollar for the purchase of equipment goods requires four or five dollars in domestic expenditures in the form of supplementary investments in order to put the project in effective operation. Moreover, certain types of Western equipment purchased in the past have proved inefficient, because Soviet productivity was insufficient to guarantee proper functioning of the Western equipment. It is true that these observations are applicable not only to the USSR, but more generally speaking, to the less developed countries. Too great a difference in productivity, which can be ascribed to too great a difference in the economic and social context, is sufficient to alter the economic feasibility of transplanting high-level technology considerably. Furthermore, it is possible to establish that since 1975, Soviet orders for equipment goods, which had increased 70 percent in 1971, 100 percent in 1972 and 53 percent in 1973, showed an advance of only 29 percent in 1979 and declined by 37 percent in 1977 and 27 percent in 1978. Another important comment needs to be made where the indebtedness of the Eastern countries is concerned. While trade with the satellite countries is hindered by far fewer political difficulties than with the USSR, their increasing indebtedness will tend to restrict the potential for cooperation. The overall indebtedness of the Eastern countries is assessed today at \$74 billion, including \$17 billion for the USSR alone. The debt service ranges from 17 percent for the USSR to 30 percent for Czechoslovakia, the GDR and Hungary, and 50 to 60 percent for Bulgaria and Poland. These are in themselves very high ratios and far in excess of the average in the countries in the process of development. But the most important thing without a doubt is that to the purely economic risk, which



is already considerable, there will henceforth be added a political risk, with the resurgence of a period of tension which will hang like the sword of Damocles over the repayment of this credit in the future.

Finally, the comparative advantage of relatively inexpensive manpower will be less and less taken into account by the Western nations. On the one hand, the development of unemployment in the industrialized countries will limit the need to import goods with a high manpower coefficient, and on the other, the rise in energy prices is increasing the marginal cost of capital and by that very fact reducing the relative cost of manpower in the industrialized countries. Because of this, there should be, as is already evident in the United States and Europe, a certain replacement of capital by manpower in the course of the coming years. This development will inevitably reduce the attraction of imports coming from the Eastern countries.

#### Political Revival of the Issue

The raising of the question of East-West cooperation again is basically due to political motives.

The Western countries have become aware of certain errors of assessment. The expansion of East-West trade was thus partly justified by the political goal of advancing detente and security in the world. Now today, probably few people could be found who would maintain that the Helsinki conference was a full success. The repression of the dissident movement in the USSR amply proved, if any need existed, that there is no obvious link between the economic sector and the realm of the rights of man. Commerce and freedom cannot be traded. Thus a certain illusion of detente has disappeared.

In addition, the Afghanistan crisis served to reveal the manifest military superiority of the USSR over the Western world, whether it is a question of conventional forces or even strategic forces. Also, since the invasion of Afghanistan by the USSR, the Western countries have become aware that East-West trade could under certain circumstances lead to a weakening of their security. This explains President Carter's suspension of the granting of a certain number of American licenses for high technology equipment intended for the USSR. This embargo affects between 20 and 30 percent of the \$700 million in nonagricultural American exports to the USSR.

Finally, strategic stockpiling, which will doubtless intensify gradually, could be reflected in the USSR by the retention of the raw materials available. Their accumulation for military purposes could lead toward a certain decrease in the volume of sales of some products by that country.

It is certainly necessary to recognize that other factors linked with the energy crisis will work in the opposite direction.

On the one hand, the considerable increase in international liquid assets (\$110 billion in 1980) will require the development of investments in the world. One is entitled to think that a substantial fraction of these funds could finance new credit in favor of the countries in the East.

On the other hand, the search by the Western countries for trade outlets has become more imperative because of the rise in the cost of energy. The need to compensate



for the price of oil imports will be a strong incentive to the industrialized countries, in particular the European nations and Japan, to continue, indeed to increase, their trade with the Eastern countries. In this connection let us recall that the current deficit in the OECD zone should come to some \$50 billion for 1980.

This is why the continued freeze in trade relations between the United States and the USSR is greatly feared by the European countries, for 15 percent of the natural gas for the FRG comes from the Urals. That country has signed major equipment goods contracts with the USSR. Japan, for its part, is heavily involved in development projects in Siberia. Italy, finally, is expecting that its trade with the USSR will create tens of thousands of jobs.

In any case, a certain inertia in trade for certain countries, including France, must be noted. Trade with the Eastern countries is very important in certain industrial sectors: chemistry, fertilizers, transportation of energy production, oil research (pipelines and offshore drilling) and machine tools. Soviet fertilizer production is achieved with the help of about 75 percent Western equipment. Machine tool exports to the countries of the East account for 25 percent of the French exports in this sector.

Moreover, a variety of examples bear witness to the primacy of trade interests over political considerations.

For example, despite the efforts of the United States to limit the trade of the Western countries with the USSR, Montedison concluded an \$800 million contract at the end of March 1980 for the building of 7 chemical product plants in the USSR. Two French firms have just signed a \$125 million contract for the equipping of two drilling platform sites in Baku and Astrakhan, in the northern part of the Caspian Sea. Four Japanese metallurgical firms are negotiating the sale of 100,000 tons of steel pipe to the USSR.

Also, certain observers remark with amusement that the number of American businessmen visiting Moscow has never been as great as since the Afghanistan affair.

#### Conclusion

It emerges from all of this that East-West cooperation can perfectly well survive detente, to the extent that it corresponds to an economic need felt by both sides. After all, this would indeed be the first time in history that merchant countries have subordinated their short-term mercantile interests to long-term strategic needs. Thus it would doubtless take a dramatic resurgence of international tension to seriously slow down or even interrupt this trade.

Certainly it is clear that credit will become more difficult to obtain and more costly. It is also obvious that the Western industrialized countries will be more and more reluctant to give up their technological advantages. Cooperation will continue to advance at a perhaps modest, but sustained, rate. It is thus toward cooperation without illusions, complacency or lyricism, emptied in a way of its ideological content, that we are moving, with a return to a certain fine old mercantilism. There is no indication that it will be the worse for it. It would seem evident however that a drastic alteration in the relations between the two blocs, following Soviet intervention in Poland, could not fail to lead to an overall reevaluation of East-West cooperation.

## FINANCIAL AID FOR SURINAMERS RETURNING HOME

Rotterdam NRC HANDELSBLAD in Dutch 20 Mar 81 p 3

[Text] According to Minister Albada (Social Affairs), Surinamers in the Netherlands who want to resettle in their country of origin must have "sound plans" to re-emigrate with financial support of the government.

In a meeting of the permanent Second Chamber committee for social affairs Albada did not favor large-scale plans for the re-emigration of Surinamers. He could understand why the government in Paramaribo subjects re-emigrants to a selection process. Suriname prefers the return of trained experts and people who held leading positions.

P. van Zeil (CDA) [Christian Democratic Appeal] was fundamentally opposed to this premise. In this connection he pointed at the existing agreement between Suriname and the Netherlands which stipulates emphatically that up to 10 years after independence, till November 1985 therefore, everybody of Surinamese origin can return to Suriname.

Albada continued to emphasize the limited accommodations for returning re-emigrants who will have many difficulties in keeping their heads above the water in the future.

Illegal Surinamers will not be subjected to grand-scale dragnet operations, but if they happen to be caught they will be put on a plane back home.

## More Going Home

According to the foundation TeNaSu (Back to Suriname), which is based in The Hague, interest in re-emigration has increased in the past months as compared to the past years. It concerns a few hundred persons as compared to the 2,300 persons who returned last year.

According to a TeNaSu spokesman the following factors are at work: the deteriorating economic situation in the Netherlands, which has caused large-scale unemployment, especially among Surinamers, increasing discrimination, and the new course taken by the Surinamese government leaders, who are calling on Surinamers in the Netherlands to help build their own country. The previous government did not do that.

## Research

According to researchers of the Institute of Applied Sociology in Nijmegen this strong orientation towards Suriname is a factor of importance for the internal situation in Suriname. They also believe it to be the cause of increased political awareness among Surinamers residing in the Netherlands.

They ascertained that both the Dutch government's policy towards the Surinamers in the Netherlands, and the situation in Suriname itself are playing important roles in this respect.

The results of the institute's investigation can be found in this week's edition of ECONOMIC STATISTICAL NEWS.

Of the 177,500 Surinamers living in the Netherlands (not including those born here) almost 137,000 are living in the West of the country. The researchers established that the social position of a "considerable number" of the Surinamers who came here after 1978 is bad. Especially as regards housing and employment, there are often many difficulties. Illegal Surinamers in particular are falling prey to employers who exploit their weak legal status.

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## NEW JUSTICE MINISTER BJØRN SKAU COMMENTS ON POLICIES

Oslo ARBEIDERBLADET in Norwegian 14 Feb 81 p 19

[Interview with Bjørn Skau by Kristin Moksnes and Terje Pedersen]

[Text] "I reserve the right to change my mind on a matter."  
"You think politicians must have a right to do that?"  
"Not only politicians. And not only a right. It is a duty."  
The most urgent task now is to combat the narcotics problem.

Orchids on the desk from the Buskerud Labor Party's representatives in the Storting. The room radiates juridical solidity with portraits of 69 ministers of justice with an equal number of university diplomas.

Bjørn Skau cheerfully turns away from his predecessors and remarks that it is nice to be the first minister of justice with a purely political background.

"It emphasizes the fact that what we deal with in this department is important political matters." Our new minister of justice says that a cabinet minister's most important qualification, regardless of which ministry, is an active political background, the ability to take definite positions (and this includes also the ability to retest his own positions), and to see his own field of responsibility as a whole.

Expert qualifications are secondary.

"And do not ask me which of my predecessors--Valle, Cappelen, or Berrefjord--I am like," says Skau, stealing a march on us.

"I want to be like Bjørn Skau. Try to be myself. Neither more nor less. I do not feel that it is my job to copy other ministers of justice."

An active political background he certainly has. And he is impressive, with his 1.98 [= 6' 5½"] in his stocking feet. Born in Borre 52 years ago. Commutes daily from Dammen to Oslo. Father of three children.

[Question] What did the children say when father became minister of justice?

[Answer] The one that still lives at home came home unsuspecting from school. He held my long arm up in the air. Here you see the long arm of the law.

[Question] Perhaps you are glad you were not sitting in that chair when everything broke loose in Alta on New Years'?

[Answer] Yes. I admire Berrefjord, who kept so calm. And the police for the way they acted.

We have a flexible society, and a flexible police. By that I do not mean to say weak. We must preserve the civilian profile. Our police have traditionally given a strong impression of a helper rôle, and that is a good tradition.

[Question] But the lawyers, Skau--can you feel comfortable with the conservative legal profession?

[Answer] The profession is better than its reputation; the image of the conservative profession is formed by scattered groups. I know lawyers from the administrative world, and some of my best friends are lawyers. It is true that is in the nature of law-giving to maintain the status quo, but Norwegian juridical thinking is not so conservative at all.

#### Alta

The minister of justice does not believe the Alta affair will be his most difficult task in the time to come. He also takes a relatively calm view of possible new conflicts between groups of Lapps and the authorities, like the occupation of the office in the government building.

"But I do fear an increasing polarization between the Lapps and other population groups. Such confrontations can be difficult to control.

"Now we must get together and find out where the shoe pinches. Many 'fronts' are artificial."

#### Prevention

[Question] Those who know Bjørn Skau find it easier to place him in social policy than in criminal policy. Although the transition is vague.

[Answer] Children need more than milk, parents, and school attendance. If we are to prevent criminality we must first and foremost give children a good social environment to grow up in. It is shocking to have to see children and youths go to the dogs. Now and then you can almost predict whom you will later find behind bars again, even though luckily these are the exceptions.

When someone first lands in prison the work for rehabilitation must be the primary consideration. Imprisonment is thrown away, purposeless, if it is merely confinement. We must give the inmates better chances of doing a therapeutic job.

Unfortunately, we have not succeeded in developing imprisonment in such a way as to prevent recidivism. In fact, no country has succeeded in that. But while the system has its weaknesses, we must maintain it until we find something better.

[Question] You are concerned with finding alternatives in the treatment of criminals. Finding means of solving conflicts at an early stage, before they degenerate into life-threatening conflicts between society and individual persons.



In your own county, in Lier to be precise, a conflict board has been set up. Experimentally, settlements are made in small offenses and misdemeanors without the police and the court system being involved at all. In Rogaland small crimes for profit are expiated by "community service."

[Answer] Extremely interesting projects...

Crime policy is determined through the Storting's debate on the crime report. The job now is to put that policy into practice. The minister of justice signals a step-by-step policy, not dramatic reforms.

#### Dangerous

"But," says Skau, "here we sit talking about 'criminality' as a general phenomenon, and we have only been in a small area.

"Of course, we shall not tolerate a situation where parents have their hearts in their throats when their children go downtown, and where elderly people are afraid to go out in the evening, even though the fear is not wholly justified.

"But neither will we allow the welfare society to be undermined by those who will not adapt themselves to society. Our social security, our standard of living, even the concept of solidarity, presuppose that everybody does his part. Gross 'white-collar crimes' are a dangerous form of criminality. Dangerous because they are carried out consciously by people in high social positions."

Nevertheless, it is combatting the narcotics evil that must be given highest priority, the minister of justice says:

"The problem is new to us, and so it will take time before we find the effective means of dealing with it. We must establish a concerted preventive effort and a clear demarcation of the limit of what we will tolerate."

[Question] The task may seem hopeless, since the use of narcotics is spreading in more and more circles?

[Answer] I am a warm admirer of my sister. She went to the slums of Hong Kong and started individual treatment of tuberculosis in a sea of tuberculosis.

I feel that we have no right to stand helpless, to say that the task is hopeless.

#### Keep Quiet

But in spite of everything there are less all-embracing matters that will require the minister of justice's action in the days to come. One of the first will be to promote the government bill concerning changes in public law. Bjørn Skau was involved in formulating it at a time when he did not dream of becoming minister of justice.

"Had I only known then." It is a vulnerable ministry he has taken on to manage. The principle of speaking straight from the shoulder has worked well. Up to now.

"I will try to watch my tongue until I understand matters well enough to speak out."

## Unprivileged

[Question] Lastly, Bjørn Skau, they are still talking in Buskerud about a speech you made on the crime report. Apparently one of the warmest defenses made. Would you have made a corresponding report?

[Answer] The question is purely hypothetical. So much happened in the debate on crime policy. When the work on the report started, the work of rethinking also started. It was a very valuable process.

What I said in the speech was that according to the principles of the labor movement, in the debate that time we had betrayed the weakest. And if we do that, our solitariness concept becomes meaningless...

Bjørn Skau does not conceal the fact that he was imbued with this thinking from infancy:

"The labor movement's touchstone is whether we succeed in being the spokesman of the unprivileged."

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## NEW TRADE AND SHIPPING MINISTER KARI GJESTEBY INTERVIEWED

Oslo ARBEIDERBLADET in Norwegian 21 Feb 1981 p 17

[Interview with Kari Gjestebý by Lone Hansen and Terje Pedersen]

[Text] Kari Gjestebý, 33 years old. Trade minister on Gro's team. A lone girl against Norway's powerful men.

Gjestebý is hardly timid; she is to handle the biggest organizations and interest groups in the country. Male-dominated and traditionally conservative. If the barriers to a man's world are to be broken down, it can hardly be done more thoroughly.

[Question] But who will keep whom in line, Kari Gjestebý?

[Answer] Nobody has kept me in line--yet. The way I see it is that we have different parts to play in this system. The authorities have their tasks, the ship-owners have theirs. Measuring power and influence by weight is difficult...

So says Norway's first woman minister of commerce and shipping. Her list of political credits is long and carries professional weight. Personal secretary to Odd Sagør in the Ministry of Consumer Affairs and Administration from 1974 on, secretary of state under Kjølve Egeland in the Ministry of Church and Education in 1976, and since October 1979 secretary of state with Minister of Finance and Customs Ulf Sand. To this may be added that Gjestebý is an opponent of the EC and an opponent of NATO. Pacifist. Practices yoga. Concerned with feminism, and, of course, economics. Educated at the Commercial University in Bergen, when she was one of the 40 girls among 1,000 boys. That was from 1967 to 1970.

"In the EC question I thought, in spite of everything, what the majority of Norwegians thought. I have no problems with opposition to NATO. My pacifism is deep-rooted. It seems simple and perhaps a little naive, for it is mostly emotionally based. But I stand for that," says Kari Gjestebý, who goes well prepared to the big desk and a ministry that calls for a tremendous amount of work.

## South Africa

South Africa is called a touchstone for what Norway stands for in international politics. The LO [Danish Federation of Trade Unions] favors a Norwegian oil boycott. And the régime there gets a good 20 percent of its oil requirements

covered by freight on Norwegian ships.

[Question] When will we get a Norwegian oil boycott of South Africa? Your predecessor Reiulf Steen did not manage to answer that question.

[Answer] Foreign Minister Frydenlund will present a statement before the Storting at the end of this month [February], and a study group of representatives of the Ministry of Foreign Affairs and the Ministry of Commerce and Shipping is working on the matter. The government will take a position in connection with the statement.

[Question] Norwegian trade with South Africa has increased greatly in recent years. Are you worried about the development?

[Answer] A number of Norwegian concerns are dependent on the raw materials they get from South Africa for production. But we are asking the firms to find other markets for their products. The problem is how we can arrive at forms of expression that have a political effect that is heeded by the South African authorities and is not merely a disadvantage to us. The group that is working now will look into the effects of various measures on the part of Norway.

[Question] Is it not high time we straightened out these relations? Surely that is an important political issue?

[Answer] That is clear. Many Norwegians are greatly concerned about the relations between Norway and South Africa. So am I.

#### Ship-Owners

[Question] The Norwegian ship-owners' halo has cracks in it; is there not an impression of dirty business and economic scandals?

[Answer] The shipping business is important to Norway, and it will continue to be. And I honestly think that Norwegian ship-owners as a whole work seriously and skilfully, and they respect agreements and regulations. In Norway we also have a strong seamen's union. It is not easy for Norwegian authorities to have complete control. But it is quite clear. The ship-owners are operating commercially; charity is not their aim, and should not be.

[Question] Is it possible to advance the interests of shipping on the premises of the trade union movement?

[Answer] The government considers that it is doing that. Respect for the workers and the interests of society runs like a red thread through the report on shipping that was presented recently...

Kari Gjesteby adds that if the ship-owners are following the regulations, it is to a certain degree due to a strong Seamen's Union.

#### Export More

[Gjesteby] Our line is the freest possible trade conditions. Too many restrictions hamper our exports. We must export more. Then we shall produce more, earn more, and have more jobs. All of our most important trading partners--Sweden,



England, Great Britain, and Germany--want the same thing. Reduce imports and increase exports. The Norwegian economy is very open. We sell half of what we produce abroad, and half of what we use we buy abroad, roughly speaking. That picture shows the interdependence between countries.

[Question] And now you are to go abroad to sell Norwegian products?

[Answer] A great deal of work is being done through international organizations such as EFTA [European Free Trade Association], EC, OECD, and GATT, in which agreements and decisions are reached that will facilitate trade. The Export Council itself is working on contracts in the individual countries. In the foreign trade to the east with the state trading monopoly countries contacts are made with the authorities, and here we operate as a form of service organization for exporting concerns. There will be very hectic travel coming up; in March I will go to Greece, in April to Iraq.

[Question] You won't tackle Saudi Arabia, after Steen was let go after the UN resolution and the princess film on TV?

[Answer] That is not on the itinerary this spring.

[Question] And all this travel means luxury hotels and fine dinners?

[Answer] It is hard work, taking it altogether. And not especially exciting, either. It may be that I will long for home and a poached egg...

Home is a row house in Linderud where Kari Gjesteby has settled down with a Swede, Mikael Klingberg. "He is completely uninterested in politics, and he has a perfect right to be," she says. "The man is getting specialized training as a helicopter pilot and has hot-air balloons as a hobby. His highest post is the post of president of the Oslo Balloon Club." The minister of commerce laughs enthusiastically.

#### Yes, We Want Power

[Question] Gro, Ritt, and Sissel. Now Kari Gjesteby. When women to to the top, people put their heads together and wonder--aren't these women hard and power-mad?

[Answer] I think we will admit that we want power. Obviously women do. Not so much for its own sake--although that counts for something--but for the sake of political affairs. It is possible to survive top-level politics with your soul intact. It is obvious that you must be hard in the political rôle and mentally prepare yourself for it. I felt that strongly in the Ministry of Finance, where we were sitting on the moneybags. I had to give a flat, outright no while I was actually bleeding for causes that were presented.

[Question] Are there many compromises of that kind?

[Answer] Clearly there are.

[Question] You have held high political positions since you were quite young; are you not tempted to get out of it?

[Answer] I have worked actively to get women into politics. What is more natural than for me to follow up, myself? But after hard, active periods, I have to have pauses for rest. I see the minister's post as a short, all-out effort I have agreed to make, and I am doing it with pleasure, for there will be times afterwards with a chance to live a normal life, to become a private person again.

[Question] Have you personally gotten support from the Women's Movement?

[Answer] I have gotten a lot there, and support for my own choice. I was lucky to have grown up in a time when feminism flourished. I have also derived strength from women who are close to me, like my mother and her mother. They were both active and socially involved women.

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CSO: 8139

## LIBERAL PARTY PRESENTS NEW PROGRAM IN QUEST FOR 'PROFILE'

## Economic Union With Norway

Stockholm SVENSKA DAGBLADET in Swedish 10 Mar 81 p 6

[Article by Hans O. Alfredsson]

[Text] "Price-level" taxation. Economic union with Norway. Forcing fathers to take some of the parental leave time. Letting most wage earners forget about filing income tax returns.

Those are a few of the specific ideas in the draft of a new program for the Liberal Party, which was presented on Monday.

Price-level taxation would mean a totally new taxation and borrowing system that would take inflation into account. It would work in such a way that a person would have to pay tax only on that portion of his capital income exceeding inflation. And he would be able to deduct only the interest that exceeds inflation.

"Savers Have Been Robbed"

To prevent this from being unfair to small homeowners, the proposal says that the Liberal Party also wants a new borrowing system.

Member of Parliament Olle Wastberg, who is chairman of the program group, explained the background at a press conference:

"It has long been the situation that savers are robbed while borrowers have the advantage. Resources are being used in the wrong way. And it is immoral, besides. By combining price-level taxation with lower marginal tax rates, it will be possible to overcome some of those disadvantages."

Greater Equality

Olle Wastberg believes that price-level taxation could be introduced fairly soon. He feels that the idea of a consumption tax, which is being recommended by the Center Party and which the government is going to investigate, is "very interesting." But he also foresees practical problems with such a system.

Other demands: equality between women and men must continue to increase, the program says. Men must take equal responsibility for the children. One way to insure that is to assign a portion of parental leave time directly to the father. It would be made a condition for the family's receiving its full allotment from parental insurance.

Several members of the group also feel that Sweden should initiate talks aimed at establishing an economic union with Norway. A common external customs wall, coordinated industrial policy, and close economic cooperation would be the first goal.

The group believes that it is possible to exempt income earners in what it calls an uncomplicated income situation from filing a tax return. This means that the tax return would be eliminated for most wage earners. The draft program says that an exact withholding tax would be introduced.

Other specific points in the program call for increasing assistance to developing countries, calling all women in to be checked for breast cancer (mammography), and introducing compulsory school attendance from the age of 6.

The program has been entitled "Freedom and Justice," with the word "and" emphasized to mark the boundaries both to the right and to the left.

It is stated that liberalism is the ideology which, more than others, stresses both of those demands. In the program booklet, the Liberal Party [called "People's Party" in Swedish] is also called "Sweden's Liberal Party." That, too, must be seen as indicating an emphasis.

Party Secretary Lars Leijonberg points out that there are also "quite obvious" differences in comparison with the Center Party. A couple of points in the program--transferring decisions to the local level and creating "functioning small units"--might otherwise seem to approach the Center Party's ideas on local communities.

"That is another kind of community. We believe that for the foreseeable future, society must be a large-scale society. We also differ in our view of the mass media and in our emphasis on the concept of freedom."

#### Break up Radio Monopoly

The section on the mass media was reported previously in SVENSKA DAGBLADET. The program group wants to break up Radio Sweden's monopoly, develop local radio, introduce cable TV, and so on.

The new program will be the fifth in the party's history. This proposal emphasizes liberalism's historical task: to represent the individual over against authority of all kinds. Another major concept is that of "human liberation."

The draft is now being sent out for evaluation. The program is to be adopted at the national convention in February 1982.

### Some Elements Contradictory

Stockholm DAGENS NYHETER in Swedish 10 Mar 81 p 2

[Editorial by O.K.: "Liberalism's Third Way"]

[Text] Adopting a middle position is traditionally a desirable course of action in Swedish politics. Because Sweden is, of course, the land of the middle way.

All three parties in the political center are careful to depict their political strategies as the popular third path between Scylla on the right and Charybdis on the left. In the Social Democratic party program, democratic socialism stands between capitalism and communism. The Center Party sees its "green line" as a new alternative to capitalism and socialism.

And now here is the Liberal Party with a proposed new party program in which liberalism is contrasted with "selfish capitalism" and "regulatory socialism." The Liberal Party sets its program, known as "Freedom and Justice" ["and" in boldface], in opposition to both.

The proposal, which is now being sent out for discussion in the party organs, will form the basis of the party program to be adopted at the party convention in February of next year. To a greater extent than in the previous program, which dates from 1972, attention is being focused on a dispersion of power, but also on accountability. It is stated that "that is the main object of liberal and liberal-minded efforts."

The Liberal Party wants to disperse power in the political area by allowing more local control over local affairs--by transferring responsibilities from the national government to the municipalities and from the municipalities to parts of municipalities and even down to residential districts. It is said that what this involves is a radically increased dispersion of power. In this way, people will have a better outlet for creativity and initiative, which now are often hindered, according to the program's writers. On this point, they are hooking into the idealism of the party's liberal branch, which is now being given more scope.

In the economic area, the program calls for strengthening the market economy. This means getting away from the mingled economy that appeared especially under the non-socialist governments after 1976--that is the message. Government subsidies are to be temporary, and the market economy's ideal of free price development, competition, and free consumer choice is to come into favor again.

The decentralization of politics strengthens everyone's share of influence. And the decentralization of ownership reinforces the market economy. The result, according to the line of reasoning developed, is that democracy also becomes stronger.

There are considerable differences between the 1972 program and the new proposal. The foundations are certainly the same--social liberal--as they were then. But the years of economic crisis in the 1970's have not passed unnoticed. Demands must no longer cost.

The former party program was characterized partly by farsighted and well-formulated ideas concerning the negative results that wastefulness with resources and simplistic



approaches to growth might lead to globally and nationally. It was also characterized in part by an optimistic vision of how numbers of social needs would be met through an expanded public sector.

In the version for the 1980's, the visions--both alarmed and optimistic--are gone. The brilliant formulations are fewer--but then, we are also living in more prosaic times.

Two important changes can be discerned. One concerns the economic area. It is true that the statement that private ownership is a condition for the market economy has been taken out. Now only decentralized ownership is being demanded. And that is a reasonable consequence of the fact that the market economy is to be strengthened.

The basic idea is that in this way, the Swedish economy will get an invigorating shot of vitamins. On this point, one may wonder whether Liberal Party members have not overly idealized the market economy's consequences for both the nation and the individual. But the proposal is consistent, because it also includes a number of measures for opposing the concentration of power that the economic forces usually push for: employees and investors are to be equally represented in the largest firms, graduated voting rights are to be eliminated, the power of investment institutions is to be reduced, and employee-owned firms are to be encouraged.

Another important change in relation to 1972 is the concentration on community action at the local level. This is not called the "local community," but otherwise it has many features in common with the modified model just introduced by the Center Party into its program. At the local level, people are to be involved and make decisions to a much greater degree than at present in connection with housing, day nurseries, schools, and neighborhood facilities.

The object is to humanize the industrial society--but not to start up practically self-subsistent households, as the most avid back-to-nature advocates once imagined doing. On the basis of these specific local proposals, the Liberal Party may create for itself the new and softer image that its social commitment should have already been promoting.

The party's social demands seem to be holding their own, despite the winds blowing from the right. Municipal child care is to be expanded so that anyone who wants a place will find it, the well-to-do must share with others, health care and education are preferable to the private consumption of goods, and so on. The demands for increased aid to developing countries are also retained.

There are points of conflict in the program that ought to be discussed. How far can the struggle against authority on behalf of the individual go before the weak are harmed? And how far can one go in demanding more effectiveness in the economy and more overtime without harming the attempts to create more community action at the local level?

Here lies the continual contradiction between humanistic liberalism and economic liberalism. The remarkable thing is that both those strains have been reinforced in the new draft program and, along with them, the scope and tensions of social liberalism.

## Market Economy Stressed

Stockholm SVENSKA DAGBLADET in Swedish 10 Mar 81 p 2

[Editorial: "Freedom and Justice"]

[Text] "Freedom and Justice" is the name of the Liberal Party's proposed new program, which was presented on Monday.

In the title "Freedom and Justice," the word "and" has been emphasized. That represents an emphasis on the opposition between total freedom (economic freedom is the kind that most frequently comes to mind, but there are also other kinds) and the fact that such freedom can only be enjoyed by certain people--the "strongest," the "cleverest," and so on. Total freedom thus becomes freedom for some and a lack of freedom for others.

Set against individual freedom, therefore--with a view to achieving justice--are society's social functions, its efforts toward a redistribution policy, and its legislation restricting freedom of action.

But to demand in general that freedom be restrained by social considerations means battering at open doors. Because total freedom is anarchy, and that has scarcely any serious political advocates.

Instead, it becomes a question of degree and balance. Especially in defining what justice is. For example, if justice is defined as meaning that all people are to have the same income, the result is that freedom is stifled and that many people rightly consider themselves subjected to great injustice.

The name of economic freedom is market economy. Its opposite is socialism. For the socialist, restrictions on the market economy are no cause for concern.

It is otherwise for the liberal. His knowledge of the market economy's sensitivity to interference forces him eventually to put a stop to continued interference, because he also knows that economic freedom--the market economy--is a precondition not only for an adequate creation of resources and free consumer choice but also for human freedom more generally.

The Liberal Party's new party program constitutes an unambiguous stand in principle for the market economy.

That tendency in the program is expressed even more strongly in some of the reservations entered by various members of the program group.

That is very commendable. While it may not mean a reversal, it does indicate a considerable shift in emphasis in the Liberal Party's message.

Naturally, it can be seen as a sign of the times. The program committee was influenced by the debates of recent years and by the obscure realization that further movement away from the market economy would lead to misfortune. From a purely nitpicking standpoint, of course, one can also point out that these positions were necessary to

keep the Liberal Party from completely surrendering its role as a liberal party to the Conservatives.

But the important thing, of course, is not professions of faith and ceremonial words, but the actual political measures that one wishes to push through in order to strengthen the market economy. And there lies a problem in the Liberal Party's program.

In some cases it is very unspecific.

In other cases it bypasses basic questions: for example, is it possible to talk about a transition to a more liberal economy without undertaking a serious discussion of the public sector's share in the country's production results?

In some cases, where the program is very specific, one may wonder if the fine words will bear up when we get to reality. It says that when the government takes over a company that is on the brink of ruin, for example, it is to resell that company when the necessary restructuring has been completed. Will that same determination hold up when the only rational structuring of the firm would be to close it down?

In some cases, market-economy thinking was far from shaping the document. The housing policy--a sector that has gotten so ensnarled as a result of the managed economy--finds scarcely any hope of a market economy revival in the draft program.

And the program frequently proposes measures going in the opposite direction. For example, it again recommends so-called equal representation on boards of directors and other such things.

Voters seldom judge a party on the basis of its written program; instead, they look at its political acts. It is those acts which will decide in the future, as they have done until now, how many liberal-minded Swedes will single out the Liberal Party as the real liberal party when they enter the polling booth.

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## FORMER LIBERAL CABINET MINISTER DISCUSSES TELUB IMPACT

Stockholm DAGENS NYHETER in Swedish 23 Feb 81 p 2

[Article by Per Gahrton]

[Text] Perhaps a person needs to have spent several years participating in the political power game to see what is really happening in all that appears to be happening in the Telub affair. Experience makes one clear sighted--or maladjusted. Anyhow, the Telub affair is a political scandal and a journalistic achievement.

But it has also become a pawn in the political power game.

1. In the power struggle between the government and the opposition, the Telub affair has been mostly a nuisance. A political scandal is raining down like manna from heaven, and the Social Democrats have no spoon! They have kept quiet in the constitutional committee and in parliamentary debates and abandoned the field to Olle Wastberg and EXPRESSEN.

What to do? Continue saying nothing? Impossible. Force new elections? That would be risky--just think what would happen if it succeeded, with the regular elections just over a year away. Try to drive a wedge between the coalition parties in order to bring about the long-planned Liberal-Social Democratic coalition without new elections? Trying would be enough: a Social Democratic member of Parliament could call for the departure of a few Conservative and Center Party ministers.

But the really important thing, naturally, is to get control of the investigative work so that embarrassing facts about individuals involved can be settled among the parties before ever becoming known to the general public. Such things are easily fixed up at a lunch break among parties ruled from the top.

In that way, it is to be hoped, they will have successfully defended the overshadowing tactical plan that all Social Democratic wings agree on: not to obstruct Olof Palme's promotion to the international stage. Moderation in the Telub affair and agreement with Ola Ullsten on foreign policy are good. Any connection with the EXPRESSEN-Wastberg Telub campaign, with its anti-Arabic strain, would, on the other hand, be less good for a peacemaker in the Middle East and candidate for the job of UN secretary general.

2. The power struggle among Conservatives to be Gosta Bohman's heir is clearly behind the conduct of Eric Kronmark and Staffan Burenstam Linder.

For example, why was Kronmark the first to break the self-imposed silence of all the cabinet ministers? Because he is honest--honest in the old-fashioned way. And because he knows that old-fashioned honesty is his strongest card in the power struggle with Burenstam Linder, who of course is neither honest nor gives any impression of being honest (see my book "A Party of the Future Is Needed," pp 96-97, for a documented, petty, and typically Burenstam Linder lie in Parliament).

But Burenstam Linder has other trump cards. His loyalty to Swedish exports is unswerving. He therefore has reason to smile genially at the leak that permitted his secret remarks in support of Swedish exports to Libya to be published in their entirety (EXPRESSEN, 19 March).

3. The power struggle in the Center Party is perhaps superficially more blurred but no less intense. The Asling-Dahlgren group has now found a welcome opportunity to attack Falldin by proxy--that is, through Karin Soder.

That is not so difficult. Karin Soder is probably Sweden's most overrated politician. As long as Leif Leifland was doing her job for her in the Ministry of Foreign Affairs, everything was tidy. But now that she has been left at the mercy of a few Center Party political hacks and the crisis represented by Sweden's severe social problems, the common opinion in the Ministry of Health and Social Affairs is that she has produced chiefly a holy mess. As was true in the Ministry of Foreign Affairs, she is the tool of her managers. If she falls on the Telub affair, it is not because of what she is but because of what the power game and the mass media have made her. Her balloon has gotten so big that the bang will have to hurt her political entourage as well, and that is the intention when, for example, Asling insinuatingly says in Parliament that "there is much to be said about the flow of information in the Chancery" (13 March). That statement came immediately after publication of the ambassador's report from Libya which Karin Soder herself declines to comment on, but which Leif Leifland has now admitted that he did not show her. No, and why should he, since it was he himself who made the decisions?

4. Most obvious, probably, is the aspect of power struggle in the Liberal Party.

The Telub affair has been pushed by Olle Wastberg in the face of irritation on the part of the party leadership. Ola Ullsten dislikes criticism of the government by Liberal Party members of Parliament. He regards Wastberg's accusations that Libya is "anti-Semitic" as irrelevant, but most of all he feels that the Telub affair may be turned against his party leadership and that Olle Wastberg, chairman of the Liberal Party's working committee and chairman of the Liberal Party's platform commission, is the prime contender for the throne.

A week or so ago, when Wastberg suddenly dragged the PLO [Palestine Liberation Organization] into the Telub debate, the situation became completely clear. When the Liberal Party is weak, as it is now, the relative influence of the more liberal-minded members increases. And for those not born liberal minded (Ullsten and Wastberg, for example), there is no safer ticket to the hearts of the liberal minded than a tough line for Israel and against the PLO. But the Ullsten group is "soft" on that issue, a fact that Wastberg systematically exploits (most recently in a duel in Parliament on 13 February concerning precisely the PLO).



The Telub affair shows up all of Ullsten's weaknesses in one stroke (according to the Liberal Party's critics): his "softness" toward the Arabs, his preference for adroit diplomacy over militant liberalism, his careless attitude toward the points at issue and details, and his physical as well as mental absence from Swedish reality.

So there it is, dear reader, and that is where it will unfortunately have to remain as long as political activity is tantamount to guaranteed lifetime support at a social and economic level that most average citizens can only dream of.

11798

CSO: 3109

## SDP UNDERGOING REEVALUATION OF BASIC ECONOMIC OUTLOOK

Stockholm SVENSKA DAGBLADET in Swedish 7 Mar 81 p 2

[Commentary by Bertil Ostergren]

[Text] "Not since Assar Lindbeck's background articles has any individual article on a controversial subject attracted as much attention as the one by six Social Democratic economists that appeared in ARBETET (Social Democratic) on 18 February under the title 'Here Is the Drastic Cure.'"

So read the introduction to one of the many counterarguments published since then in ARBETET. Typically enough, it was written by Reine J. Johansson, head of research for the Municipal Workers Union and member of the executive committee of the SSU [Swedish Social Democratic Youth Association]. He made the connection with Lindbeck's articles in a poor pun: "The cranes have returned to Lake Hornborgar," with "borgar" italicized ["borgar" is a pun on "borgare" = nonsocialist].

A number of other Social Democratic critics interpreted the article by "the six" in the same unsophisticated way. But what the authors wanted to do was start a debate among Social Democrats aimed at bringing about a reappraisal of the party's economic policy on a number of important points.

The six--Villy Bergstrom, Klas Eklund, Harry Flam, Carl Hamilton, Nils Lundgren, and Karl Goran Maler--took as their main thesis the idea that the time had come to push production up and force consumption down. Their main recommendations were a slower rate of growth in public expenditure, higher corporate profits, an overhaul of housing subsidies, increased mobility of labor, and measures for channeling capital into industry. They were also sympathetic toward the coming reduction in marginal tax rates.

The six were not calling for moderate efforts in the matter of holding back the public sector. They wrote that it was not enough for the government to go over public finances with a magnifying glass and save a few million here and a few million there. What was required, in addition to higher taxes, was that the government tackle the big automatic increases on the expenditure side.

It has been claimed that one of the factors triggering the article was Olof Palme's speech in Parliament's general political debate, in which, among other things, he argued against the idea that it was time to cut back sharply on private and public consumption and talked about the government's "ambush" of the wage earners. However

that may be, it is completely clear that there is irritation among the six at Palme's way of carrying on the economic debate.

Of the many articles that followed in ARBETET, one by five union researchers headed by Anna Hedborg, an LO [Swedish Federation of Trade Unions] economist, has received special attention. "The five" objected to the demands for vigorous measures aimed at lower private and public consumption.

Here is where a significant dividing line appears. The five represent a traditional Keynesian viewpoint, according to which production should be made to increase by stimulating demand.

The six "academic" economists, who are in contact with current research, stand closer to the new approach, which says that one should concentrate on a direct stimulation of the supply side ("supply side economics").

In a new article in ARBETET (5 March), the six (except Nils Lundgren, who was abroad) defended their position against criticism. But they evidently also felt a need to point out that they are good Social Democrats. They accordingly enlarged on their earlier proposal to do away with excess profits. They also wrote that the drastic cure can be viewed as the economic cost of nonsocialist paralysis in action.

But things are certainly not that simple. What is involved is a reappraisal of the basic concepts behind the economic policy and of the attitude as far as causal connections and a feasible economic policy are concerned.

The fact that what are involved here are substantial differences of opinion within the Social Democratic Party is evident from the many controversial articles in ARBETET, from commentaries in other Social Democratic organs, and--not least--from Parliament's financial debate on 25 February. A textual analysis shows that different spokesmen for the Social Democrats have not only been speaking with different voices but also in direct opposition to each other's views.

Adopting a position close to that of the six were Kjell-Olof Feldt and economics professor Bo Sodersten. Feldt said--and it was a very important statement--that restraining private and public consumption is necessary so that resources can be found for the development of industry. He also emphasized that the problems will not be solved through a general expansion but by concentrating on industry that is competitive abroad.

He pointed out: "It is only with goods that we can pay for our exports."

Similar statements by Kjell-Olof Feldt were described by Gunnar Strang a little later in the debate as "misleading propaganda." Naturally, Strang did not attack Feldt directly, but in a roundabout way, through the government. Strang blamed the government for what he called the erroneous idea that a slowdown in the public sector was needed in order to obtain funds for industry.

Another Social Democrat who attacked Feldt's views in substance was Arne Gadd, who, among other things, said this: "We Social Democrats maintain that the alleged competition between the public sector and the productive sector for available economic and personnel resources is a myth."

Now it may very well be that Arne Gadd, in all innocence, was unaware that a few hours earlier, Kjell-Olof Feldt, the Social Democratic Party's leading spokesman on economic policy, had supported the very same idea that "we Social Democrats," according to Gadd, consider "a myth."

It is very likely that there is malicious glee in nonsocialist quarters over the substantial differences of opinion and the confusion appearing among Social Democrats. But it would be foolish to let such a reaction dominate.

The reason is that what has happened over the past few weeks marks a revitalization and an improvement in quality as far as the Swedish debate on economic policy is concerned, and anyone without ulterior partisan motives ought to be pleased at that.

The debate shows that the Social Democrats are in a transitional phase as far as economic policy is concerned. The party may come out of the debate stronger and with a clearer line than before.

The debate also indicates a growing realization that the basic conditions for economic policy are quite different now than they were in the 1950's and 1960's, and that this is so regardless of governments and their possible paralysis in action.

An equally vital debate within the nonsocialist parties would be desirable. Perhaps even the party secretaries would be allowed to participate?

11798

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## TRAINING OF LIBYANS TO CONTINUE SAYS INDUSTRY MINISTER

Stockholm DAGENS NYHETER in Swedish 10 Mar 81 p 7

[Text] The TT [PRESS WIRE SERVICE, INC.] has learned that the government will not stop the training of Libyan military at Telub, the state-owned electronics firm in Vaxjo.

Minister of Industry Nils G. Asling (Center Party) will announce this in Parliament on Friday in response to a question by Olle Wastberg, Liberal member of Parliament.

The training will be allowed to continue even though several members of the government consider it inappropriate because Libya is involved in the Middle East conflict.

The government feels that the training cannot be stopped for two reasons:

First, there is no law prohibiting the training of foreign military. There will be such a bill later this spring, however--precisely because of the Telub affair.

Second, sensitive negotiations are now underway between Telub and its opposite party in Libya, the Military Procurement Authority (the equivalent of Sweden's Defense Materiel Administration).

The talks are concerned with the shape that further training of Libyan military will take and with whether Telub may have to pay damages for breach of contract.

On orders from the government, the firm recently dropped the military portions of the training. They were part of the contract, which also includes a clause calling for heavy damages if the contract is broken, something that the Libyans now consider to have happened.

The Libyan People's Office in Stockholm has also threatened cancellation of all contracts between Libya and Swedish firms--totaling several billion kronor--if the training is not carried out in all respects, including military.

If the government were to stop all training at Telub, it is feared that there would be a severe breakdown in trade ties between the two countries.

The Liberal Party government in power at the time wanted to halt training as early as February 1979, but felt that it could not do so because there was no suitable law on which to base such a decision.

11798

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## CONFUSED NORDICS REACT TO VIOLATIONS OF SEA, AIR SPACE

Copenhagen INFORMATION in Danish 7-8 Feb 81 p 4

[Article by Henrik Heie and Flemming Ytzen]

[Text] An account of how the navy, air force and independent press react when intruding hostile submarines violate Scandinavian territory.

Sognefjord 1972

The Swedish submarine hunt in September-October 1980 surpassed all previous incidents--at least in terms of press coverage--since the submarine search in Sognefjord, Norway in November 1972. That affair brought the press onto its tiptoes in an effort to find out what the Russians were really up to.

In an article entitled "Needle in a Haystack: Hunting for Submarines in Sognefjord" in the Norwegian periodical INTERNSJONAL POLITIKK, no 4, 1973, Doctor of Political Science Johan Jorgen Holst, later undersecretary in the Norwegian Defense Ministry and currently undersecretary in the Foreign Ministry, attempted to analyze what really happened in Sognefjord and what conclusions could be drawn from the affair.

The conclusions did not flatter the Norwegian armed forces, the government's treatment of the whole thing or the participation of the press.

One, Two--or None at All?

In the first place Holst seriously questions whether there ever was a submarine or perhaps two submarines in Sognefjord in the period between 12 November 1972 when the first observations came in from people on the spot and 26 November when the armed forces issued its final communique after an enormous effort with ships and planes, including two British helicopters.

The armed forces had to deny its own reports several times. Among them one that the shooting of six red light rockets from the fjord could be the work of a sub. The foreign sub's movements during the search appeared to follow a pattern that was quite illogical for a vessel being subjected to depth charges,

submerged mines and anti-sub missiles. Instead of trying to get out of the 200 km long and 200-1200 meter deep Sognefjord it appeared suddenly and almost simultaneously in several places some distance apart in the very innermost part of the fjord. It was labeled a "desperate act" on the part of the alleged submarine to move up Sognedalsfjord close to the bottom of Sognefjord and it was said it would be lucky to get away.

### A Week in Ignorance

Another remarkable feature of the case is that the Norwegian government was not informed of the search until an internal conference a week after the operation began! At the same time it was revealed that there was no kind of alert and that the defense minister was now being kept up to date on the situation. Storting was first notified of the matter 3 days later in response to a question to the defense minister from a member of that body.

### Skepticism

Johan Jorgen Holst does not conceal his skepticism about the defense report. He writes:

"On 26 November 1972 we had the 'final communique' from the armed forces. It claimed that there 'had been a foreign submarine in the fjord' but that 'the nationality of the submarine has not been established.' The contacts made by Norwegian vessels and airplanes on 24 November 1972 were claimed to 'indicate that the submarine has now left Norwegian territorial waters.' But the search was not over. Instead 'naval activity in the area is being reduced gradually.' The communique also referred to the great difficulties connected with the search action."

And Holst writes further: "The defense minister admitted that it had not been possible to identify the submarine, presumably the main object of the search mission. But he comforted himself with the remark that 'it can hardly have been pleasant for the submarine to stay in Sognefjord during that time. So hopefully anyone planning to send a submarine into Norwegian territorial waters in the future will think it over twice before doing so.' That depends a lot on what the submarine is supposed to 'prove,'" adds Holst.

### Sudden Certainty

Despite all this uncertainty the defense minister and the chief of defense were able to account for the submarine affair to the Storting expanded Foreign Affairs Committee and to the Defense Committee 2 days later. "The details of the reports are not known but the main substance seems to have been that it was a diesel-powered submarine from a Warsaw Pact land which had been in Sognefjord," Holst reveals.

In a special segment of the article the author explains how very difficult it is to search for, locate and identify a submerged submarine especially in

a body of water like Sognefjord where differences in water pressure, temperature and consistency can lead to sound deflections that distort the acoustical listening devices, sonars, that are the only help in tracking a submerged submarine.

Russian, Polish, East German?

He points out that official sources made it clear that the sub was never identified. The press had fewer doubts.

AFTENPOSTEN claimed that the sub was Polish or East German despite the fact that the East German navy does not include submarines.

ARBEIDERBLADET said the sub was Polish and that Norwegian authorities were 100 percent sure of it.

INTERNATIONAL HERALD TRIBUNE stated with assurance that the submarine was probably under Russian command.

#### General Confusion

The defense chief and the defense minister contributed to the general confusion. The defense chief said over Norwegian Radio on 22 November that the information from the people was good and he had no reason to believe it was incorrect. At the same time he was asked if they were sure it was not an allied submarine. "I would answer that in the affirmative without reservations."

A Storting representative in Bonn claimed that a Russian sub was involved. The defense minister reacted on 24 November by making it clear that there was no proof that there had been or still was a submarine in Sognefjord.

But 2 days later he was sure of it. The final communique of 26 November says:

"The total body of information obtained by the armed forces during the search in Sognefjord, based on visual and technical observations, confirms that a foreign submarine has been in the fjord. The nationality of the sub has not been established." On 11 December the defense minister repeated in Storting: "The submarine has not been identified and therefore we do not know which country it came from."

#### Public Convinced

A Gallup poll taken in December 1972 showed that the public was convinced, with 78 percent of those interviewed believing there had been a submarine in Sognefjord.

Holst is more skeptical: "It is not possible on the basis of the material that is publicly available to pass judgment on this matter. No one has presented clear evidence in public that there was a submarine in Sognefjord in November 1972."

## Prestige Involved

He points to the difficulties of the search and remarks:

"The thought occurs to one that after a time, after so much work had been put in, there must have been a lot of prestige tied up in the idea that there had been a sub in the fjord. The very extent of the effort must have made it both intellectually and institutionally difficult to interpret the signals in other ways. As time went by and the search continued they may have had the effect of confirming a hypothesis."

On the other hand he does not deny that the evidence presented and the assumptions made have a kind of internal consistency and logic and that it is thus not unreasonable to assume that if it wasn't an allied submarine it could well have been a Polish or Russian sub of the big W class.

But that just leads him to ask a number of unanswered and perhaps unanswerable questions about why the submarine entered the fjord and why the course of events was as strange as it was on the Norwegian side.

## Radio Tirana and PRAVDA

Holst has a good eye for the press, including the eastern mass media. On the one hand Radio Tirana in Albania served up a detailed account of an unsuccessful mutiny on a Russian submarine in Sognefjord and told how the sub had been rescued by another nuclear-powered Russian sub and brought back to a Baltic port where the crew came before a military tribunal.

PRAVDA, on the other hand, which brought the first report of the incident on 25 November under the heading, "What War Psychosis Leads To," implied that the intention was to increase tension in Europe in order to beef up NATO's north flank and disrupt the talks in Helsinki, resulting in increased Norwegian defense appropriations. PRAVDA also claimed that it was really a British sub that was involved. A charge the British Defense Ministry denied to EVENING STANDARD where the allegation first appeared.

## Hungry for News

Holst concludes about the press: "When a big fanfare is made, as was the case in Sognefjord in November 1972, Norway's actions attract attention and become the subject of public speculation and evaluation. Around 30 people had a ring-side seat in Sogndal during the search action. They were hungry for news. When they didn't get any in the form of reports on the progress of the submarine search they went out to the villages and listened to local rumors. The Norwegian action created the expectation of big news. Tension was kept at a high pitch for 2 weeks. Suddenly the potato vanished. Was it because it was too hot?"

## Who Violates the Borders?

When almost all the Scandinavian press, including radio and TV, makes so much out of searches resulting from alleged violations of sovereignty by never precisely identified submarines in Scandinavian waters it can seem strange that less emphasis is placed on telling the public about the established facts concerning actual violations of sovereignty.

Here Swedish reports are of special interest, simply because each year the Swedish defense staff publishes the number of so-called "incidents," i.e. violations of sovereignty by foreign powers, both eastern and western, that involve Swedish territory.

INFORMATION obtained from the Swedish defense staff information section the latest report available, "Incidents in 1979," dated 14 April 1980.

The concept of "incidents" is defined like this:

"Events or observations that deviate (seem to deviate) from the normal pattern or for other reasons call special attention to themselves and that could call for implementation of our incident alert plan and should be reported."

### Normal Extent

The report starts off by saying that foreign military activity outside Swedish borders and outside Swedish coastal limits has largely had a normal extent and character in 1979 and that the geographical distribution of foreign military activity in the Baltic and the North Sea (i.e. Kattegat and Skagerak, etc.) has followed the pattern from previous years. Violations of Swedish territory occurred particularly in the south. There were no large or otherwise remarkable maneuvers in 1979 comparable to the landing exercise in Osel in the summer of 1978. But the Swedish expansion of its sea and air space from 4 to 12 nautical miles as of 1 July 1979 led to a higher than normal number of violations.

At sea there were seven definite and four possible violations while the number of national vessels passing through territorial waters without prior notice was 31, 25 of them occurring after 1 July.

And who violates Swedish territorial waters?

Of the seven definite violations, three were committed by western vessels, three by eastern vessels and one by an unidentified submarine. Of the unannounced passages, 15 can be ascribed to the West and 16 to the East. Most of these after 1 July occurred off the southern coast of Skane.

However the report adds that in June-August 1979 there were several noteworthy submarine incidents in the Soderarm area, noteworthy because they took place in an area that also includes an important defense area (a "prohibited area"). Some of the submarine reports were based on visual observations.



But the report says nothing about the nationality or type of these submarines.

That about sums it up for violations of Swedish territorial waters at sea.  
How about in the air?

Western Planes 66, Eastern Planes 11

There were 77 violations and three possible violations in the air. Of the 77, 66 involved western planes and 11 eastern planes, the report states. And it notes that the unusually large number of violations of Swedish air space is due in some instances to several planes in the same area flying over one after another and in others to one plane violating Swedish territory several times on the same flight.

The largest number of these violations, 57, occurred after 1 July. In one case no fewer than 24 western planes violated Swedish air space south of Skane and at the same time there were also a number of eastern violations. But the violations were ascribed to ignorance of the expanded boundaries.

Quite contrary to the impression one gets at times from the Danish press and others the western powers were responsible for most of the 1979 violations of Swedish air space, six-sevenths of the total compared to one-seventh for the eastern nations.

And while in Denmark we heard a lot about the escalation of military activity in the Baltic by Warsaw Pact lands Swedish defense people could report that by and large the foreign military activity outside Sweden's borders was "normal."

Stockholm Archipelago 1980

Petty officer Bengt Johansson stood in the wheel house of the tugboat "Ajax" which was plowing its way through the waves of the southern part of the Stockholm Archipelago on a course toward Gotska Sandon.

The strong southeasterly wind whipped up the wave crests to a froth. A rain shower had just broken through the heavy gray cloud cover. Visibility was not at its peak on that September morning.

It was 1053 hours. Hard apart the waves suddenly parted as if a gigantic whale had dived. Johansson was startled. An enemy in Swedish waters? He explained to SVENSKA DAGBLADET a few days later:

"There was a large dark shadow just under the surface of the water. I grabbed my telescope. Not a doubt! A submarine with a forest of antennae and masts. It was grayish black but lacked nationality indications or other marks."

Johansson shouted to his lookout, draftee Anders Lindholm. He too caught sight of the submarine before it vanished into the depths, about 300 meters in front of the "Ajax."

Johansson and Lindholm were the only ones to see the foreign submarine which was hunted for 3 weeks by the Swedish navy through the Stockholm Archipelago. From the time when the two seamen saw the sub on 18 September 1980 until the search was officially called off on 6 October about 20 depth charges were dropped in an effort to bring the foreign intruder to the surface. With no success.

And while the Swedish, Norwegian and Danish press eagerly followed every little move by the intruder the Swedish defense staff openly squabbled with the navy staff as to whether there had ever been a submarine there and if so how it should be brought to the surface. And the Swedish air force did not hesitate to join the fray and seized the opportunity to call the navy's methods in the submarine search "ineffective."

The commander in chief of the air staff, Gosta Tullsson, told SVENSKA DAGBLADET:

"We must be capable of conducting effective submarine hunts! The latest submarine incident clearly shows that the navy is inadequately equipped. Helicopters alone are not enough. Situations such as this require several types of aircraft which combined with helicopter efforts can produce better results." (5 October 1980)

#### Acoustical Contact

A few days before this statement Defense Minister Eric Kronmark and Vice Admiral Bengt Schulback, chief of the defense staff, unanimously sounded the alarm:

"The next time we'll really crack down! We've had it with playing hide-and-seek with foreign submarines. If we make contact with the intruder one more time we'll use all available means to force it to the surface." (SVENSKA DAGBLADET 30 September)

During the 18-day submarine search the Swedish defense staff issued a total of eight communiques reporting the course of events and steps taken against the intruder. It appears from these reports that the submarine was not seen after Bengt Johansson and Anders Lindholm saw a whale-like shadow dive beneath the waves of the archipelago on 18 September. But navy helicopters thought they had tracked the vessel through hydrophone contact, in other words acoustical signals thought to reveal the presence of the submarine.

In a communique from 22 September it was reported that a fisherman had had part of his trawl torn away in the same region. "The fisherman decided that a submarine or a wreck had been caught in the trawl," the defense staff wrote. And a day later a new communique read:

"In connection with fleet exercises in the area there were indications around 1400 hours of something that might have been the foreign submarine. Helicopters on the scene resumed tracking efforts. The foreign submarine was

warned with alarm shots from navy vessels. The submarine then headed toward open water and stopped at the boundary line for Swedish territorial jurisdiction. One light and two heavy navy helicopters equipped with depth charges continued to watch the sub's movements during the afternoon and evening.



POLITIKEN showed no restraint in its coverage. (1 October 1980)

Key:

1. The destroyer "Holland" has listening devices that can reach a depth of 4 km. "Holland" can drop depth charges and fire anti-sub missiles.
2. Navy helicopters lower listening devices and can also drop bombs.
3. So far depth charges have been exploded 25 meters from the sub. The navy plans to explode the next bomb as close as 10-15 meters. At a distance of 5 meters bombs will destroy the sub.
4. The sub is of the W type found in the Soviet and Polish navies. It is hard to hit since it can follow the uneven bottom surface to a depth of 80 meters.

## Oil Spots

On 24 September oil spots were observed in the area where the navy had dropped depth charges. But this didn't stop the coast guard from sighting a "possible submarine periscope" from the shore at the same time.

It appears from the reports that the search continued over the next couple of days using several units, including the destroyer "Halland." New hydrophone contact on 26 September--three depth charges dropped. No results. In the last communique from the defense staff on 2 October it is admitted that the oil spots seen earlier stem from a "normal oil emission" and not from the presumed submarine. The search force now includes a destroyer, several torpedo boats, submarines (Swedish), minesweepers, coast guard vessels and light and heavy helicopters. From 26 September until the search was called off officially on 5 October no "acoustical contact" was made with the intruder.

## Challenge

Alongside the military effort the search was also intensified in the Swedish press. Most newspapers were upset about the "unparalleled provocation" as Defense Minister Kronmark was widely quoted as having called it. The liberal DAGENS NYHETER was the only paper adopting a relatively relaxed attitude toward the phenomenon by commenting on the editorial page: "Probably the most important aspect of the case is that the sub was detected. A sub that has been spotted and is now hidden on the ocean floor is scarcely threatening Swedish security by staying down there." The paper's competitor, SVENSKA DAGBLADET, called this statement "naive" and went on: "What does DAGENS NYHETER think a submarine is doing 3 nautical miles inside our territorial limit close to a military facility? Could it be on vacation?"

On 5 October staff editor Bertil Lagerwall, press chief for the defense staff, made a surprising speech challenging the navy staff's "finding" that there had been a submarine there.

Lagerwall said: "We ourselves have not identified it. A petty officer and a draftee saw a sub for about 20 seconds and the navy staff drew certain conclusions as a result. However a correct identification would assume that both men saw correctly and that the navy's evaluation has also been correct. There are no other witnesses. The defense staff has found no reason to take any diplomatic action."

The next day, 6 October, the search was called off. This announcement was brought in the form of a small notice in most of the daily papers.

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CSO: 3106



## MANURHIN TO GET CONTRACT FOR ASSAULT RIFLE PRODUCTION

Paris LE MONDE in French 7 Mar 81 p 12

[Article by Paul Chappel, LE MONDE correspondent: "The Manurhin Company, of the Matra Group, Said To Be In Charge Of 25 Percent of the Manufacturing of the New Assault Rifle"]

[Text] Saint-Etienne. The current negotiations on assigning to the Manurhin Company, of the private Matra group, the manufacturing of 100,000 MAS 5.56 assault rifles--or one-quarter of the order to be placed for the French armed forces--have triggered a lively reaction among the trade union organizations at the Saint-Etienne national arms manufacturing (MAS), where the rifle, known as the Clairon, was originally designed.

In a joint communique, the CGT, CFDT, FO and CGC called upon the 2,000 people working at the state establishment to launch a 24-hour strike on Friday, 6 March, to protest this "direct and deliberate attack" on the public sector and "the loss of a historical vocation" of the Saint-Etienne industry.

Officials at the general armaments office, which has jurisdiction over the MAS, recall that in September 1980 the president of the republic called for an increased pace of Clairon manufacturing. In order to increase industrial capacity the decision was made to set up a second assembly line. However, its location has not been decided as yet. It could be set up at the MAS or the Manurhin Company in Mulhouse.

Actually, it is quite likely that negotiations with Manurhin have gone further ahead than the general armaments office would like to acknowledge, for the decision is expected to be announced in a few weeks. Official studies stipulate that it is possible to accelerate the rate of output substantially in Saint-Etienne, but that the industrial capacity of the establishment would make it impossible for it alone to reach rapidly the desired production rhythm.

The trade unions are objecting to this analysis. According to the CGT, in particular, Manurhin "stands to earn a substantial profit," since the state paid for the cost of research. The union denounces the fact that, at the same time, "new workers are not being hired at the MAS." In turn, the CFDT points out that shifting the production of the Clairon to a Matra branch "aims at assigning a financial operation to a powerful group which has already been favored by the authorities in other areas."



Both the CGT and the CFDT are concerned, on the other hand, about the intention ascribed to the government of granting the exclusive rights to the Manurhin Company to survey and develop eventual export markets.

The general armaments office has stated that it is out of the question to give exclusive marketing rights to this weapon to any manufacturer other than the Ground Armaments Industrial Group (GIAT), which is supported by the state.

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